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MANAGEMENT OF THE MILITARY ASSISTANCE PROGRAM AS AUTHORIZED BY THE FOREIGN ASSISTANCE ACT OF 1961

ALFRED H. TEICHLER

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MANAGEMENT OF THE MILITARY ASSISTANCE PROGRAM

AS AUTHORIZED BY

THE FOREIGN ASSISTANCE ACT OF 1961

by

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A thesis submitted to the Faculty of the School of Government, Business and International Affairs of The George Washington University in partial satisfaction of the requirements for the degree of Master of Business Administration.

June 6, 1962

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PREFACE

During the past five years of both direct and indirect association with the Military Assistance Program, the writer has become increasingly aware of the need for a greater understanding of this extremely complicated aspect of our national defense. Although military assistance has been the subject of numerous studies, very few if any, have viewed the functioning and management of the program in light of the Foreign Assistance Act of 1961--the first complete revision of mutual security legislation since 1954.

It is the purpose of this paper to present in one document, an overall view of the past, present and future of military assistance with particular emphasis on the so-called new approach with new concepts in program management. It is intended to provide an insight into the program's strengths as well as its weaknesses.

The views expressed herein, except where specifically acknowledged, are those of the writer and do not reflect those of the Department of Defense or any agency thereof. This paper does not contain data or material of a classified nature.

Appreciation is extended to all those who gave valuable counsel and assistance to the writer in obtaining data and reference materials so necessary in the development of this paper. In particular, sincere thanks

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CHAPTER I

MILITARY ASSISTANCE--INSTRUMENT OF FOREIGN POLICY

Basic Assumptions

Military assistance, no longer regarded as a temporary or interim measure, is a major means by which the United States contributes to the security of the free world.[1] The furnishing of military equipment, training, supplies and services to selected foreign military forces is an integral and essential part of our own defense posture as well as that of the nations and peoples with whom we are joined in the common cause of freedom.[2]

By means of the Military Assistance Program (MAP),[3] the United States and its allies obtain the military strength of over sixty-nine nations and growing numbers of armed men strategically positioned throughout the world standing ready to meet the challenge posed by the build-up in Communist power. More specifically, our military assistance serves a three-fold purpose: it enables free and independent nations to protect their internal security; it

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[1]U. S., Congress, Senate, The Special Committee to Study the Foreign Aid Program, Letter of Transmittal, 85th Cong., 1st Sess., 1957. A report prepared for the committee by the Systems Analysis Corporation, Washington, D. C.

[2]Hon. Robert S. McNamara, Secretary of Defense, in testimony before the Senate hearings on Foreign Assistance and Related Agencies Appropriations for 1962. See U. S. Congress, Senate, Committee on Appropriations, Hearings, on H. R. 9033, 87th Cong., 1st Sess., 1961, p. 141.

[3]Frequently used terms will appear with abbreviations immediately following in parentheses. Thereafter the term may be referred to by abbreviation only. A list of these abbreviations is contained in Appendix I.

deters local wars by making them clearly unprofitable; and it plays a significant part, especially in NATO, in deterring any resort to general war.[4]

Succinctly stated, the immediate purpose of military assistance is to increase the ability of free world nations to defend themselves; however, the ultimate purpose is to enhance the security position of the United States--a fact that is not concealed from recipient nations.

Program Development

Although it is difficult to specify the beginning of foreign aid *per se*, it is generally recognized that military assistance began with President Truman's decision in 1947, to furnish military aid to Greece and Turkey. It was on March 12, 1947, that President Truman enunciated the Truman Doctrine before a joint session of Congress, and requested an appropriation of $400 million for military and economic aid to these countries. In justifying his request before Congress, the President declared that the national security of the United States was involved and that "it must be the foreign policy of the United States to support free people who are resisting attempted subjugation by armed minorities or by outside pressures."[5]

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[4]Hon. Robert S. McNamara, Secretary of Defense, in statement before the Senate hearings on International Development and Security. See U. S. Congress, Senate, Committee on Foreign Relations, *Hearings*, on S. 1983, 87th Cong., 1st Sess., 1961, p. 594.

[5]Message from the President (Truman) to a joint session of Congress, March 12, 1947, quoted in Dennett, Raymond, and Robert K. Turner, ed. *Documents on American Foreign Relations* (Princeton University Press, 1947), IX, 646.

Actually, the event which precipitated President Truman's action was the receipt of a communique from the British Government on February 24, 1947, which said, in effect, that because of increasing financial difficulties, Britain would be forced to stop practically all aid to Greece and Turkey after March 31, of that year. The communique reminded the President of the continuing Soviet pressures on these countries, and expressed the hope that the United States could carry on in view of the 1946 Anglo-American agreements which declared that for "military and strategic reasons" Turkey and Greece should not be allowed to fall under Soviet control.[6] The actual strategic and military justifications for the Greek-Turkish aid program were not made public because it was feared that the American people, not accustomed to thinking along these lines during peacetime, might become so alarmed as to defeat the bill. As finally amended the Greek-Turkish aid bill was passed by Congress on April 22, 1947, as an emergency "one-shot" program providing $300 million for both economic and military aid to Greece and $100 million which was to be used exclusively for strengthening the military forces of Turkey.[7]

The Greek-Turkish Aid Act of 1947, although not realized at the time, gave birth to the Cold War,[8] and launched a program of using American money and material as a means of opposing indirect Soviet aggression in foreign

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[6]U. S. Congress, House, U. S. Foreign Aid, Document No. 116, 86th Cong., 1st Sess., June, 1959, p. 28.

[7]U. S. Congress, An Act to Provide for Assistance to Greece and Turkey, Public Law 75, 80th Cong., 1st Sess., 1947.

[8]Eugene W. Castle, The Great Giveaway, (Chicago: Henry Regnery Co., 1957), p. 15.

countries which were friendly to the United States. This act gave blanket authority to the President, who in turn, delegated the responsibility for administering the program to the Department of State.

Hardly had the ink dried on our commitments to Greece and Turkey when, because of increasing world tensions, it became apparent that both the economic and military assistance programs of the United States should be significantly expanded. The Marshall Plan resulted with the Greek-Turkish aid program being merged into the planning and administration of the European Recovery Program (Marshall Plan) in the summer of 1948. As originally conceived, the Marshall Plan, which was implemented by the Economic Cooperation Act,[9] was not an anti-Communist program as had been the Truman Doctrine, but rather a relief and reconstruction project for any country willing to adhere to the purposes of the act.[10]

Consideration of The Economic Cooperation Act is pertinent to the history and development of MAP for two primary reasons: (1) it brought to an end the Greek-Turkish aid program, and (2) it created the Economic Cooperation Administration which was soon to divert its attention from economic recovery to that of expediting a quick build-up of military strength in Europe. This radical change in the mission of the ECA was brought about by a Russian campaign of aggression designed to counteract such progress as had been made by the Marshall Plan.

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[9]U. S. Congress, Title I of the Foreign Assistance Act of 1948, Public Law 472, 80th Cong., 2nd Sess., 1948.

[10]U. S. Congress, House Document No. 116, op. cit., p. 33.

> ECA had to change rapidly from a closeknit organization dealing with a specified range of economic goals into a more diffused administration increasingly subordinated to military and political objectives and to the organs of government primarily responsible for their pursuits.[11]

Russia moved fast in its attempts to undermine Western unity. First, in February, 1948, the Communists took over control of Czechoslovakia. In the summer and fall of 1948, an effort was made to seal off Berlin from the West, and in 1949, the Communists overran the entire mainland of China. "It was obvious that Russia was determined not to permit the Marshall Plan to work."[12]

Although the wheels turned exceedingly slowly, the West's ultimate answer to the intensified Soviet threat was the North Atlantic Treaty and the Mutual Defense Assistance Program. The North Atlantic Treaty, which established the North Atlantic Treaty Organization (NATO) was signed by the United States and eleven European non-Communist states on April 4, 1949, and ratified by Congress on July 25, 1949. On this same day, President Truman requested legislation that would authorize "military aid to free nations to enable them to protect themselves against the threat of aggression."[13] In other words, authority was requested to underwrite NATO by supplying arms and equipment to our allies beyond their own capabilities.

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[11] H. B. Price, The Marshall Plan and Its Meaning (Ithica: Cornell University Press, 1955), p. 224.

[12] Eugene W. Castle, op. cit., p. 17.

[13] Ibid., p. 47.

To say that the proposed military assistance bill met little opposition during the Congressional hearings would be a gross understatement. It was the subject of many doubts and criticisms before final passage--ten weeks after deliberations began and less than one month after the first explosion of an atomic weapon by the Soviet Union.[14] Of course it is only a matter of speculation, but there are many who insist that the Soviet explosion insured enactment of the Mutual Defense Assistance Act (MDAP) of 1949.[15]

The Mutual Defense Assostance Act, which served as the basic authority under which the United States provided military assistance to other nations, embodied three forms of military assistance which remain today the heart of our military aid programs. They are: (1) machinery and materials necessary for Europe to increase its own production of military items without seriously interfering with economic recovery; (2) the direct transfer of military equipment; and (3) U. S. help in the production and use of military equipment and the training of personnel.[16]

During the remainder of 1949 and 1950, the concentration on defense objectives as opposed to those of economic assistance intensified the need

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[14]U. S. Congress, Senate, The Special Committee to Study the Foreign Aid Program, Military Assistance and the Security of the United States, 85th Cong., 1st Sess., 1957, p. 13.

[15]U. S. Congress, Mutual Defense Assistance Act of 1949, Public Law 329, 81st Cong., 1st Sess., 1949.

[16]Department of the Air Force, Information and Guidance, Military Assistance Program (Washington: January, 1962), p. 4.

for better coordination of all the assistance activities then underway. Although several attempts were made to alleviate the problem, it was not until the enactment of The Mutual Security Act of 1951, that the responsibility for directing, supervising and coordinating the programs of military, economic and technical assistance were vested in a single person--the Director for Mutual Security who was designated to act on behalf of the President.[17] The adoption of this act marked the high point of centralized direction and coordination of our foreign assistance programs. However, difficulties arose in implementation since the act provided for a division of operations among the Department of Defense for military assistance, a Mutual Security Agency for economic assistance, and a Technical Cooperation within the Department of State for technical cooperation.

As a result of this difficulty, a Foreign Operations Administration (FOA) was created by Congress on August 1, 1953, and on the same day, the President delegated most of his power under the Mutual Security legislation to the Director of the Foreign Operations Administration.[18] Congress, however, soon became critical of the FOA and insisted that permanent agencies of government take over the administration of military and economic assistance programs. Thus the Mutual Security Act of 1954, as amended, provided for the termination of the Foreign Operations Administration prior

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[17]U. S. Congress, Mutual Security Act of 1951, Public Law 165, 82nd Cong., 1st Sess., 1951.

[18]U. S., President, 1953-61 (Eisenhower), Executive Order No. 10476, 1 August 1953.

to June 30, 1955.[19] By a series of Executive Orders,[20] the President abolished the FOA and transferred its functions to the Department of State and the Department of Defense. The Secretary of State established the International Cooperation Administration (ICA) within his department to assume the FOA functions applicable to the Department of State; and the Secretary of Defense assigned all responsibility for military assistance to the Assistant Secretary of Defense, International Security Affairs (ASD/ISA) under the policy direction of SecDef.[21]

With the enactment of the Mutual Security Act of 1954, the Mutual Security Program remained essentially the same until the advent of the "New Frontier" in 1961, when President Kennedy advanced a new approach with new concepts.

A New Approach with New Concepts

With the election of Senator John F. Kennedy to the presidency of the United States also came an urgent belief that the foreign aid programs of our country were missing the mark. As early as 1958, then Senator Kennedy and seven of his colleagues expressed deep concern over the Mutual Security

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[19] U. S. Congress, Mutual Security Act of 1954, Public Law 665, 83rd Cong., 1st Sess., 1954.

[20] U. S., President, 1953-61 (Eisenhower), Executive Orders 10575, Nov. 6, 1954; No. 10610, May 9, 1955; and No. 10625, August 2, 1955.

[21] Department of Defense, DOD Directive 5132.3, DOD Policy Organization, and Responsibilities Relating to the Military Assistance Program (Washington: July 22, 1957), p. 2.

Appropriations Bill for 1959, in their letter of August 25, 1958, addressed to the President.[22] The Senators indicated that as members of the Committee on Foreign Relations they had voted in favor of the bill; however

> . . . as individual members of the Senate with some experience and understanding of the program and a full appreciation of its importance, that with respect to the less developed countries there is a serious distortion in the present relative importance which is attached to military and related aid on the one hand and technical assistance and self-liquidating economic development assistance on the other.

In further reference to military vs. economic assistance, the Senators urged that the President

> . . . study the Mutual Security Program in the light of the views of members of your Administration, of members of Congress and many others who have stressed that it is in the political and economic realm that the concepts of freedom are now undergoing a universal trial. It may be that such a study will lead you, Mr. President, as it has led us to the conclusion that the principal and most costly shortcoming in the Mutual Security Program remains as it has been for some time--the failure to emphasize military aid less and to stress economic aid and technical assistance more.

In response to the Senators' suggestion, President Eisenhower, on November 24, 1958, appointed a committee[23] to study the military aspects of mutual security in light of the criticisms that had been received. This committee, chaired by the Honorable William H. Draper, Jr., reported in part as follows:

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[22]This letter to President Eisenhower was signed by the following Senators in addition to Senator Kennedy: T. B. Green, J. W. Fulbright, J. J. Sparkman, H. H. Humphrey, Mike Mansfield, Wayne Morse, and William Langer.

[23]This committee, <u>The President's Committee to Study the United States Military Assistance Program</u> is commonly referred to as the Draper Committee.

> The Committee believes that the impression held in some quarters to the effect that our Military Assistance Program is too great in relation to the economic development assistance program is not justified. From the standpoint of United States interests, we do not see any competitive relationship between the two.[24]

Apparently the results of this study did not satisfy Senator Kennedy, since one of his first acts after "Election Day" was to institute a thoroughgoing review of foreign aid, including military assistance. The result of this review, first outlined in President Kennedy's message of March 22, 1961 to Congress,[25] was a new concept of foreign aid--a concept directed toward major changes in the economic aid programs with military assistance to be continued, subject to further analysis and study.

In his message, the President said that the fundamental task of the foreign aid program for the nineteen sixties was "not negatively to fight communism" but to arrange a partnership between the northern and southern hemispheres in a demonstration that "economic growth and political democracy can develop hand in hand." The President continued:

> If our foreign aid funds are to be prudently and effectively used, we need a whole new set of basic concepts and principles:
> 1. Unified administration and operation--a single agency in Washington and the field, equipped with a flexible set of tools, in place of several competing and confusing aid units.
> 2. Country plans--a carefully thought through program tailored to meet the needs and the resource potential of each individual country, instead of a series of individual, unrelated projects. Frequently, in the past, our development goals and projects have not been undertaken as integral steps in a long-range economic development program.

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[24]William H. Draper, Jr. et al., Composite Report of the President's Committee to Study the United States Military Assistance Program (Washington: U. S. Government Printing Office, August 17, 1959, I, p. 156.

[25]U. S., President, 1961--(Kennedy), Foreign Aid, Washington, D. C., Mar. 22, 1961, House Document No. 117, 87th Cong., 1st Sess., 1961.

3. Long-term planning and financing--the only way to make meaningful and economical commitments.

4. Special emphasis on development loans repayable in dollars--more conducive to businesslike relations and mutual respect than sustaining grants or loans repaid in local currencies, although some instances of the latter are unavoidable.

5. Special attention to those nations most willing and able to mobilize their own resources, make necessary social and economic reforms, engage in long-range planning, and make the other efforts necessary if these are to reach the stage of self-sustaining growth.

6. Multilateral approach--a program and level of commitments designed to encourage and complement an increased effort by other industrialized nations.

7. A new agency with new personnel--drawing upon the most competent and dedicated career servants now in the field, and attracting the highest quality from every part of the Nation.

8. Separation from military assistance--our program of aid to social and economic development must be seen on its own merits, and judged in the light of its vital and distinctive contribution to our basic security needs.[26]

President Kennedy based his proposed International Development Program on these premises:

1. By providing long-term support for development plans created by the less developed nations themselves, the United States can, during the decade of the sixties, help decisively a large number of these nations along the road to economic growth.

2. Continued progress in any less developed country will not be assured until that country accepts and fulfills its own responsibilities to help itself.

3. Any development assistance program of the sixties must take into account all of the factors that contribute to growth--capital, technical assistance, the development of sound public administration and modern

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[26] *Ibid.*, p. 5.

institutions, skilled labor forces, managerial skills, and the creation of the necessary motives and interests.

4. Each nation must be permitted to develop in its own image.

5. Systematic research can develop new skills in development assistance.

6. Development assistance will come to be recognized during the sixties as a collective responsibility of all free industrialized nations.

7. Foreign aid to the less developed countries should not be endless.[27]

With respect to military assistance, the President stated in his letter of May 26, 1961 to Congress:

> It is essential that this program be maintained and continued in the present international climate. Appropriations will be sought to provide for the United States' share of maintaining forces that already exist, to complete undertakings initiated in earlier years, to give increased emphasis to internal security, and to provide for a limited and selected modernization of forces in areas under particular duress. I envisage a continuous review and assessment of the needs for military assistance around the world and continuing discussions with our allies and associated nations to determine the extent to which expenditures for defense can safely be lessened.[28]

Both Secretary of State Rusk and Secretary of Defense McNamara endorsed the President's new approach to foreign aid during hearings before the various Congressional committees.[29] Secretary Rusk amplified the Chief

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[27]Henry R. Labouisse et al., An Act for International Development: A Summary Presentation (Washington: U. S. Government Printing Office, June, 1961), p. v.

[28]This letter accompanied President Kennedy's bill calling for the first complete revision of Mutual Security legislation since 1954.

[29]U. S. Congress, Legislation on Foreign Relations, 87th Cong., 1st Sess., 1961.

Executive's message of 22 March, in the area of international development, while Secretary McNamara discussed the details of the proposed military assistance program for 1962.

The Secretary of Defense, from the outset, made it clear during the hearings that although his remarks were confined to military assistance, he fully supported the economic aid program as well:

> The two programs are in fact indispensable to each other; they are not competitive but complementary.

Also, according to Mr. McNamara, our projected military assistance programs are a necessary and integral part of this nation's overall defense effort. Said he,

> Through the assistance planned we anticipate an improvement in our ability to deal with aggression in its incipient phases, to furnish help for friends and allies which will be more consistent with the kind of threat they face, and to maintain the facilities abroad upon which the quick and effective deployment of appropriate U. S. forces depend.

Mr. McNamara indicated that the "new approach" to military assistance would provide: (a) a greater emphasis on the internal security needs of each individual country, (b) a continuation of the trend to increase the proportions and absolute amounts devoted to the Far East (See Figure 1), and (c) a reduction in assistance for European countries since many of these countries are now in a position to finance their own military requirements. It was the Secretary of Defense's belief that such a program would provide the United States with additional flexibility, rapidity of response, and applicability to a large variety of situations. However, he cautioned that the proposal was not a cure-all for the complex, manifold threat the forces

DISTRIBUTION OF MILITARY ASSISTANCE PROGRAMS

GRANT AID FY 1960-FY 1963[a]

	FY 1963	FY 1962	FY 1961	FY 1960
Europe	18%	21%	28%	38%
Africa	2	2	1	1
Near East	24	22	23	16
Far East	48	46	41	38
Latin America	5	4	3	3
Non Regional	3	5	4	4
NATO	33%	36%	41%	45%

[a]Department of Defense, Military Assistance Facts (Washington: March 1, 1962), p. 13.

Figure 1.

of freedom confront around the world--surprises are frequent; the future unpredictable.[30]

Considered of interest is the concluding comment of a New York Times review of the "new approach" to the problem of foreign aid:

> The people of the U. S. and the free world need to realize that they are at an important juncture in world economic history when right decisions right across the board must be made. Basically our need is to face up realistically to our danger, and to replace our term insurance with an endowment policy.[31]

An Act for International Development, Peace and Security

Following a critical, comprehensive review and evaluation by the Congress, the new foreign aid bill was passed and became the Foreign Assistance Act of 1961, when signed by the President on September 4, 1961.[32] It is significant to note that this act, which was designed to give new vigor, purpose and direction to our foreign aid programs, draws a much sharper line between economic and military assistance than had been attempted previously. Actually, this new legislation consists of two separate and distinct acts: Part I, the Act for International Development of 1961, which deals with economic assistance; and Part II, the International Peace and Security Act of 1961, which covers the military assistance aspects of the law.

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[30]Hon. Robert S. McNamara, Hearings on S. 1983, op. cit., p. 596.

[31]New York Times, March 26, 1961, Sec. IV, p. 1.

[32]U. S. Congress, Foreign Assistance Act of 1961, Public Law 87-195, 87th Cong., 1st Sess., 1961.

This separation of programs, it was thought, would provide a convenient means of reviewing each program on its own merits.

Economic Assistance

The Act for International Development is of interest to a study of military assistance for three primary reasons: (a) it provided for the establishment of a new overall coordinating agency as a replacement for the International Cooperation Administration, (b) "Defense Support" was dropped and included as a major part of a new category of aid called "Supporting Assistance" which was designed to support or promote economic or political stability, and (c) the "President's Contingency Fund," which under the Mutual Security Act was available for both economic and military assistance, may now be used for economic aid only.

Military Assistance

The International Peace and Security Act of 1961, as previously indicated, is contained in Part II of the Foreign Assistance Act and provides the current basis for military aid to the free world partners of the United States. Although no basic change has been made in purpose or intent from that of the Mutual Security Acts, the statement of policy has been rewritten. In the old laws, Congress stated the intent to be that of promoting the foreign policy, security and general welfare of the U. S. by assisting friendly countries and international organizations in strengthening their individual and collective security. The new law adds to this basic statement

"and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic and political progress."

General Authority

Under the terms of the act, the President is authorized to provide military assistance to any country (except the present Government of Cuba and any other country dominated or controlled by the international Communist movement) which he believes will serve as a source of strength to the security of the United States and promote world peace. (Figure 2 shows the increase in the number of countries receiving military assistance since 1950.) Also, such assistance may be provided by lease, exchange, or any other means in addition to the previous provisions for loan, grant or sale. Specifically, the new law lists four ways in which military assistance may be provided, by

1. Acquiring from any source and providing any defense article or defense service;

2. Making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

3. Providing financial assistance for expenses incident to participation by the U. S. in regional or collective defense organizations; and

4. Assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of

NUMBER OF COUNTRIES RECEIVING MILITARY ASSISTANCE

BY FISCAL YEAR OF DELIVERY OR EXPENDITURE[a]

In Fiscal Year	This Many Countries Altogether	By Grant Aid	By Direct Purchase	By U.S. Credit Assistance
1950	14	14	0	0
1951	29	19	19	0
1952	41	23	33	0
1953	48	26	42	0
1954	51	33	44	0
1955	54	34	50	0
1956	57	39	49	3
1957	61	42	53	3
1958	64	45	56	5
1959	63	47	57	10
1960	69	52	61	11
1961	68	56	57	12
1962	69	57	56	13
1963 (est.)	69	58	58	13

[a]Department of Defense, Military Assistance Facts (Washington: March 1, 1962), p. 29.

Figure 2.

[illegible]

[illegible]

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a non-combatant nature, including those relating to training or advice.

Authorization

The "new frontier" administration suffered its greatest setback in the "new approach" to foreign aid under Section 504 of the Act--Authorization. The President had requested a permanent or continuing authorization, but instead, Congress authorized an appropriation of not to exceed $1.7 billion a year for two consecutive years, fiscal years 1962 and 1963. In subparagraph (b) of this section will be found the reason for Congress' disapproval of a continuing authorization:

> In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programing and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

On this subject of competition for funds, it is interesting to note that contrary to Secretary McNamara's statement during the Congressional hearings relative to the complementary nature of economic and military aid, appropriations for military assistance are in competition with appropriations for economic aid.[33]

Conditions of Eligibility

The new act not only requires that the Military Assistance Program continue to function within the framework of executive agreements, but it

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[33] Lecture by Wm. M. Leffingwell, Deputy Director of Military Assistance, at the Industrial College of the Armed Forces, 12 October 1961.

also prescribes specific requirements applicable to all countries receiving defense articles on a grant basis. They must agree that:

- they will not permit such material to be used for other than the intended purpose;

- they will protect the security of classified material;

- they will return to the United States those articles no longer needed for the purposes for which provided; and

- they will permit U. S. officials to observe and review the use of assistance furnished.

In addition to these prerequisites, the new act states that no defense articles shall be furnished on a grant basis to any country at a cost in excess of $3 million in any fiscal year unless the President determines that the country conforms to the United Nations charter; that it is making a reasonable effort on its own behalf; and that its increased ability to defend itself is important to the security of the United States.

Special Authority

Probably only because of the man "McNamara" did Congress grant approval of the administration's request to use up stocks of the Department of Defense in providing military assistance subject to reimbursement from subsequent appropriations. Section 510 provides this authority up to an amount not to exceed $300 million. (The President had asked for a limitation of $400 million.) Congress initially regarded this special request merely as a subterfuge to spend money in addition to that appropriated. This authority was granted only after Secretary McNamara gave

the most solemn assurances that this provision would be used with the greatest care and only in those cases where the President determines such action "vital" to the national security. In justification, Mr. McNamara said:

> We looked at the experience of this year, the prospect of further crises in Southeast Asia and elsewhere, and the experience of such past semi-crises years as 1958 (when roughly $300 million was diverted to key countries as a result of the Middle East and Offshore Islands crises), and concluded that the most desirable way to handle this kind of situation was to ask for this type of authority.[34]

General

In addition to the two major parts of the Foreign Assistance Act, i.e., Part I concerning economic aid and Part II providing for military assistance, the act also contains a Part III consisting of a variety of general, administrative and miscellaneous provisions relative to the foreign assistance program in general; and Part IV which amends related laws to bring them into line with current policy. However, due to the limited scope of this paper, these particular parts will be discussed only to the extent that they are pertinent to the Military Assistance Program.[35]

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[34]Hon. Robert S. McNamara, Hearings on H. R. 9033, op. cit., p. 147.

[35]For a detailed listing of those provisions of the Mutual Security Act omitted from the Foreign Assistance Bill and the reasons therefor, reference is made to Provisions of the Mutual Security Act of 1954, as Amended, Omitted from the Foreign Assistance Bill and Reasons Therefor, Committee Print, 87th Cong., 1st Sess., June 19, 1961.

CHAPTER II

ORGANIZATION FOR MANAGEMENT

Introduction

Since their inception, the foreign assistance programs of the United States have presented extremely difficult and complex problems of organization and administration. Because of the speed with which they were established, their supposedly temporary nature, and the magnitude of operations involved, they have inevitably required innovations that have given rise to serious deficiencies in planning and execution. Adding to the complexities of administration is the fact that foreign aid is accomplished through a number of national as well as international organizationally independent entities cutting across many agency lines in the process.[1]

President Kennedy, in his March 22, 1961 message to Congress, described the then existing organization as:

> . . . Bureaucratically fragmented, awkward and slow, its administration is diffused over a haphazard and irrational structure covering at least four departments and several other agencies. The program is based on a series of legislative measures and administrative procedures conceived at different

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[1]William H. Draper, Jr. et al., Composite Report of the President's Committee to Study the United States Military Assistance Program (Washington: U. S. Government Printing Office, August 17, 1959), II, 321.

> times and for different purposes, many of them now obsolete, inconsistent, and unduly rigid and thus unsuited for our present needs and purposes.[2]

As a major step toward solving the problems of organization and administration, the Chief Executive in his message to Congress on May 26, 1961, requested legislation which would authorize the creation of a new agency to replace the semiautonomous International Cooperation Administration (ICA) established by President Eisenhower in April of 1955. This new agency would be known as the Agency for International Development (AID); organized along regional lines and come under the direction of an administrator who would have the rank of an under secretary and report directly to the Secretary of State and to the President.

As to management of the Military Assistance Program, the President indicated that the principal assignments of authority as recommended by the Draper Committee and implemented by President Eisenhower were satisfactory and should not be changed. The President further said:

> The Department of Defense has operational responsibility for approved programs. In recognition of the fact that military assistance should clearly serve the foreign policy objectives and commitments of the United States, the Secretary of State provides continuous supervision and general direction of the program, including the determination as to whether there should be a program for a country and the value of that program.[3]

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[2]U. S., President, 1961 (Kennedy), Foreign Aid, Washington, D. C., Mar. 22, 1961, House Document No. 117, 87th Cong., 1st Sess., 1961, p. 2.

[3]U. S., President, 1961 (Kennedy), Executive Communication, Washington, D. C., May 26, 1961, Committee on Foreign Affairs Print, 87th Cong., 1st Sess., 1961, p. 4.

[illegible]

As a result, the Federal Government [illegible] problems of [illegible] and administration. The Social Security Act, in its attempt to [illegible] the 1935, [illegible] [illegible] [illegible] [illegible] [illegible] (SSA) [illegible] [illegible] [illegible] [illegible] [illegible]

The Congress "bought" the President's proposed assignments which are contained in the new law--The Foreign Assistance Act of 1961--the basic authority for the organizational arrangements and discussions reflected in this chapter.

Headquarters of Government

As Figure 3 indicates, management of the Military Assistance Program involves various offices and agencies both within and without the Department of Defense. Although primary responsibility for the management of military assistance is vested in the Secretary of Defense, it is important to consider those agencies external to DOD which play a significant part in the overall planning and operation of the program.

All authority for administration of the Military Assistance Program stems from the President of the United States. His principal non-military advisors with respect to military assistance are the National Security Council (NSC) for security policy, and the Bureau of the Budget (BOB) for budgetary policy.

National Security Council (NSC)

The NSC, assisted by a board of specialists from participating government agencies, advises the President with respect to the integration of domestic, foreign, and military policies relating to the national security. Their primary concern involves politico-military matters with a major

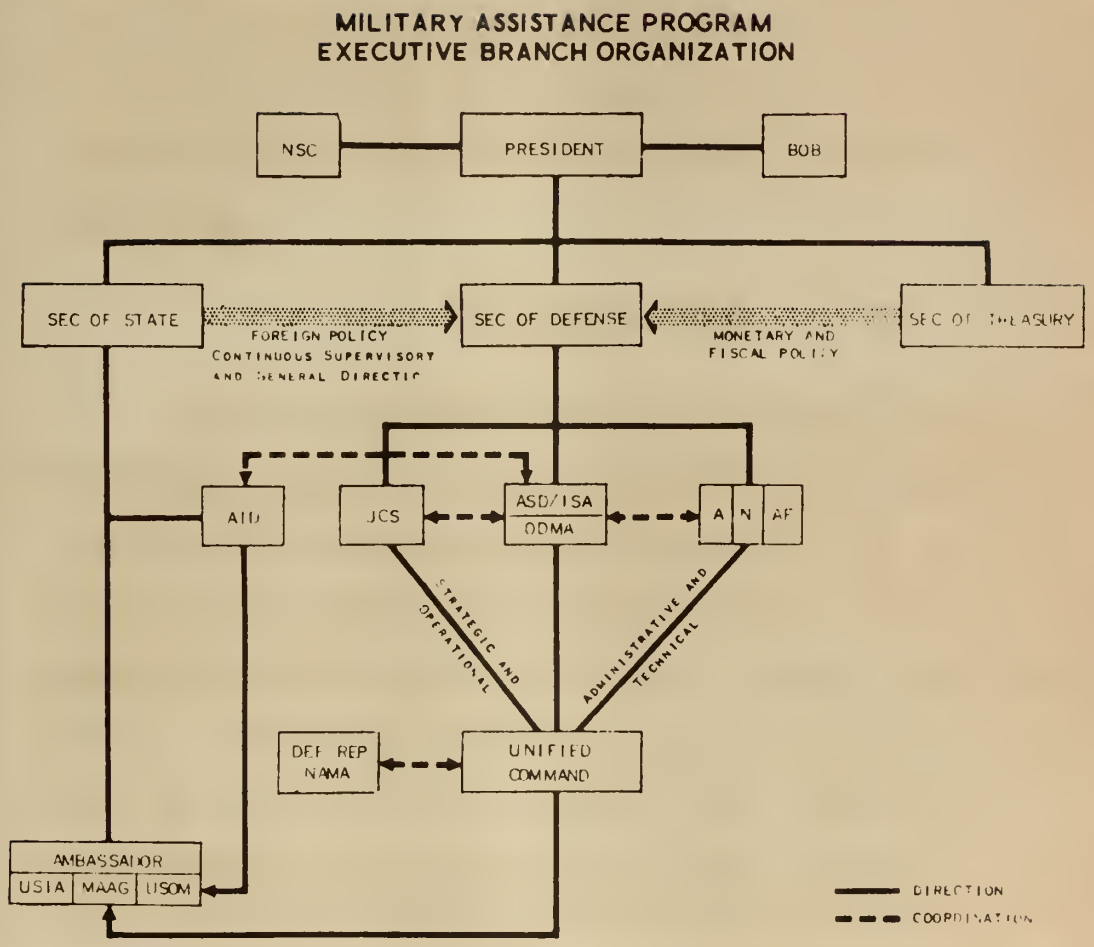

Figure 3.

[a]Department of the Air Force, Information and Guidance, Military Assistance Program (Washington: January, 1962), p. 8.

interest in the field of military assistance.[4]

Bureau of the Budget

The Bureau of the Budget, as the fiscal arm of the President, plays a key role in the coordination of foreign aid operations. It is the director of this bureau who insures that proposed expenditures and authorizations for military assistance are compatible with the policy of the President. The Bureau of the Budget also serves to resolve interagency disagreements concerning fiscal elements or questions that may develop in the area of foreign aid.

Secretary of State

Since the principal objective of military assistance is to promote the foreign policy of the United States, the overall cordination and general direction of MAP is vested in the Secretary of State. In accordance with the authorizing legislation, the Secretary of State is responsible for determining whether or not a country is to receive military aid and to what extent.[5] Military aid cannot begin in a country until the Department of State first agrees with the recipient country on the relations between the United States and the country for the period the program is to be in force.

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[4]Commission on Organization of the Executive Branch of the Government, Overseas Economic Operations, A Report Prepared by the Task Force on Overseas Economic Operations, June, 1955, p. 104.

[5]Section 622(c) of the Foreign Assistance Act of 1961.

The strengthening of the position of the State Department on the policy level of military assistance planning and an increased assurance of the conformity of the Military Assistance Program to foreign policy was a principal recommendation of the Draper Committee. The committee stated that

> The central role in a system of meaningful and effective foreign policy guidance of military assistance, utilized on behalf of the President and the Secretary of State, must be that of the State Department.[6]

Although previous legislation authorized the Secretary of State the power of veto over military assistance programs, interpretations by the various agencies were not in agreement and as a result effective coordination was not realized. It is the apparent intention of the Kennedy administration, armed with the Foreign Assistance Act of 1961, to insure State Department supremacy in all matters of foreign aid.

Secretary of Treasury

The Military Assistance Program is also influenced by the Treasury Department. This department provides guidance of the program in the areas of monetary and fiscal policy. Of particular concern to the Treasury Department are those transactions which affect the United States balance of payments and those transactions which involve the use of foreign currency.

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[6]Composite Report, op. cit., p. 28.

Secretary of Defense

Under the provisions of the new Foreign Assistance Act of 1961, the Secretary of Defense has operational responsibility for approved military assistance programs. The law sets out in detail his responsibilities under part II of the act. They are:

1. Determination of military end-item requirements.

2. Procurement of military equipment in a manner which permits its integration with service programs.

3. Supervision of end-item use by recipient countries.

4. Supervision of the training of foreign military personnel.

5. Movement and delivery of military end-items.

6. Establishment of priorities in procurement, delivery, and allocation of military equipment.

7. Any other functions within the Department of Defense with respect to the furnishing of military assistance.

As a means of fulfilling these responsibilities, the Secretary of Defense delegated most of his military assistance functions to various elements within the Department of Defense.[7] The functions of each are provided under the appropriate organizational element appearing in this chapter.

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[7]Department of Defense, DOD Directive 5132.3, DOD Policy and Responsibilities Relating to the Military Assistance Program (Washington: February 29, 1960).

Operational Planning Level

As illustrated by Figure 3, an important level of foreign aid management follows immediately below the Cabinet level in the make-up of the Executive Branch organization to administer the various foreign assistance programs. On this level is included the new Agency for International Development (AID), the Joint Chiefs of Staff (JCS), the Assistant Secretary of Defense for International Security Affairs (ASD/ISA), and the military departments, i.e., Army, Navy, and Air Force.

Agency for International Development (AID)

In enacting the Foreign Assistance Act of 1961, Congress made provisions for the proposal of President Kennedy that a new, single agency be established to provide central direction and assume final responsibility for our various foreign aid programs. Said the President:

> I am not proposing merely a reshuffling and relabeling of old agencies and their personnel, without regard to their competence. I am recommending the replacement of these agencies with a new one--a fresh start under new leadership.[8]

Thus, the Agency for International Development came into being.

Based on the recommendations of The President's Task Force on Foreign Economic Assistance,[9] AID became an agency within the State Department, headed by an administrator with the status of Under Secretary of State, and

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[8]U. S., President (Kennedy), House Doc. No. 117, op. cit., p. 6.

[9]Henry R. Labouisse, op. cit., p. 127.

reporting directly to the Secretary of State and the President. The administrator was charged with the responsibility of formulating and executing the Economic Assistance Program, and coordinating the Military Assistance Program with that of economic and technical assistance.

As of this writing, 1 April 1962, a firm organization has not been developed for the new Agency for International Development. However, it is expected to follow the general outline of that recommended by The President's Task Force on Foreign Economic Assistance as shown in Figure 4. Commenting on the new agency and its first administrator, Mr. Fowler Hamilton, an editorial in The Washington Daily News stated:

> It will be three or four months before he (Mr. Hamilton) completes reorganization of his agency. And he doesn't expect anyone on the outside to see much improvement in his operations before next fall.
>
> If this seems like a slow start, for the 14-month-old Kennedy Administration, it must be remembered Mr. Hamilton has been on the job only four months.[10]

Although great things are expected of the Agency for International Development, it is estimated that at least one and maybe two or three years will be required before Congress can be sure the program is going the way promised.[11]

Assistant Secretary of Defense (International Security Affairs) (ASD/ISA)

Subject to the direction, authority, and control of the Secretary of Defense, all military assistance policy and operational responsibilities have

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[10] Peter Edson, "Big Selling Job Ahead," The Washington Daily News, March 12, 1962.

[11] The Wall Street Journal, March 12, 1962, p. 1.

AGENCY FOR INTERNATIONAL DEVELOPMENT

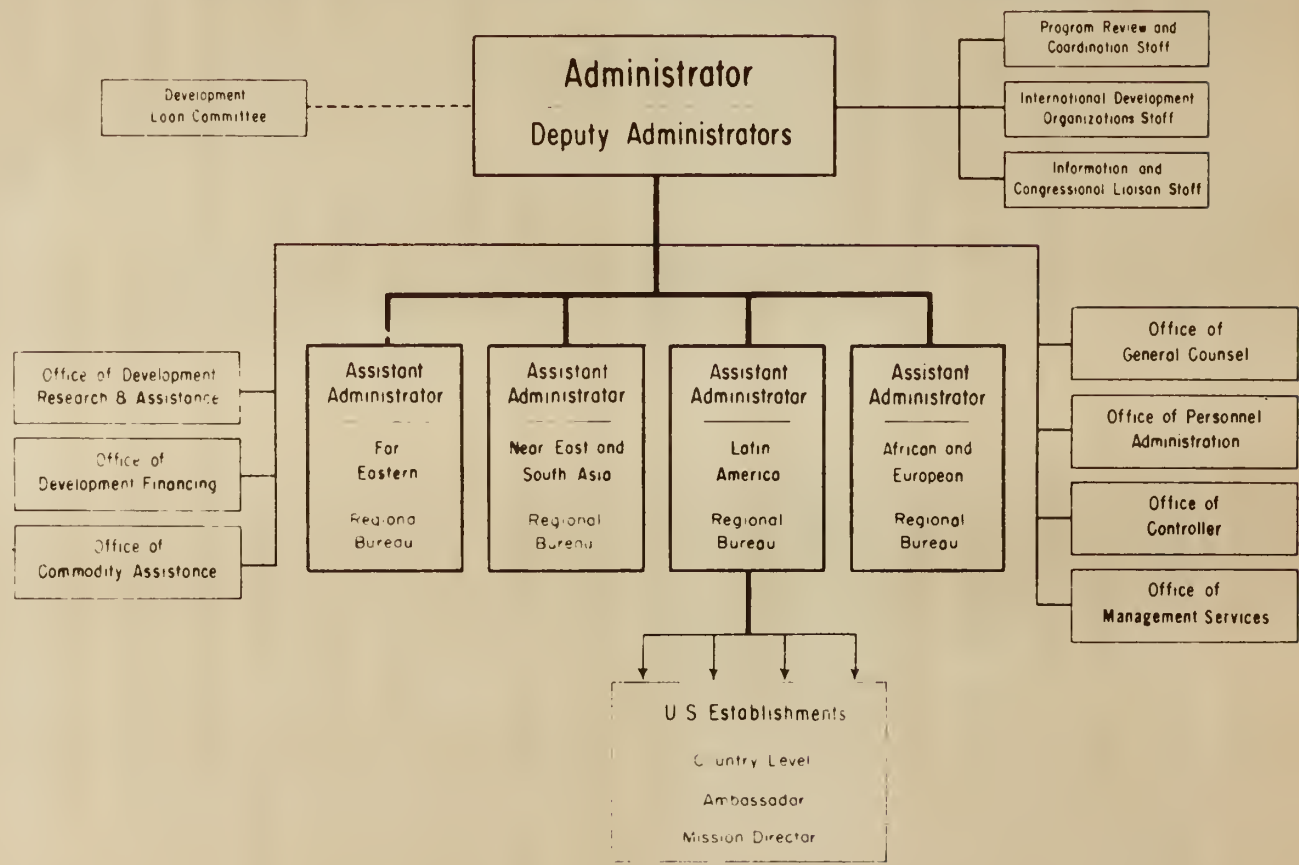

Figure 4

been delegated to the Assistant Secretary of Defense for International Security Affairs. More specifically, and in addition to his other functions, the Assistant Secretary of Defense (ISA) is charged with the responsibility for the development, direction, supervision, and coordination of the Military Assistance Program; also, planning, organizing and monitoring the activities of the Military Assistance Advisory Groups.[12]

The ASD/ISA accomplishes his delegated responsibilities through the Office of the Director of Military Assistance. An organization chart of the Office of the Assistant Secretary of Defense (International Security Affairs) is included as Figure 5.

Joint Chiefs of Staff (JCS)

The Joint Chiefs of Staff play a very significant role in assuring that military assistance programs are in consonance with global security plans, and that military assistance resources are being distributed most effectively to further U. S. strategic concepts. Their recommendations with respect to military assistance take the form of Annex "J" to the Joint Strategic Objectives Plan. Included are recommendations relative to military objectives, force objectives, scale of equipping, and priorities, on a country and area basis. In addition, the Joint Chiefs of Staff are charged with providing the Secretary of Defense with advice on all military assistance affairs, plans, and programs that have strategic or military operational implications.[13]

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[12]DOD Directive 5132.3, op. cit., p. 3.

[13]Ibid., p. 6.

Office of the Assistant Secretary of Defense
INTERNATIONAL SECURITY AFFAIRS

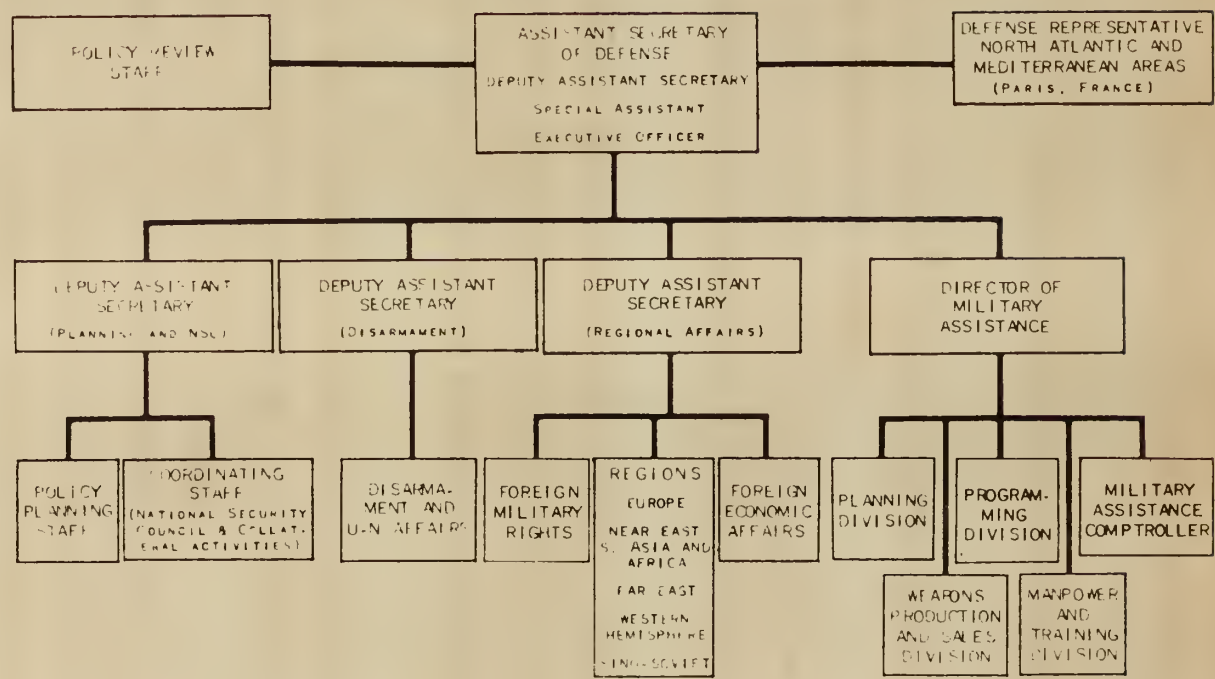

Figure 5.

Military Departments

Basically, the military departments serve as supply and logistic agents for the Military Assistance Program. In accomplishing their mission they

(a) Prepare data necessary for the development of programs and budget estimates.

(b) Provide technical advice on weapons systems to the ASD(ISA), Unified Commanders, and the MAAG's.

(c) Procure and deliver to recipients, material and services included in approved programs in accordance with delivery schedules approved by the ASD(ISA).

(d) Develop and conduct training programs for foreign nationals.

(e) Provide administrative support to Unified Commands and MAAG's, subject to the direction and policy guidance of the Director of Military Assistance.

The military departments are also responsible for operating the military sales program in accordance with the directives of the ASD(ISA), and in coordination with the Department of State.[14]

Although each of the three military departments has its own organization for the accomplishment of the above assignments, the differences are not considered of sufficient magnitude to warrant discussion within the limited scope of this paper.[15]

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[14] Ibid., pp. 4-5.

[15] For a discussion of organizational differences, see Robert E. Benson, "Analysis of Administration of the United States Military Assistance Program" (unpublished Master's Thesis, School of Government, Business and International Affairs, The George Washington University, June 7, 1961), pp. 36-42.

Operating or Field Level

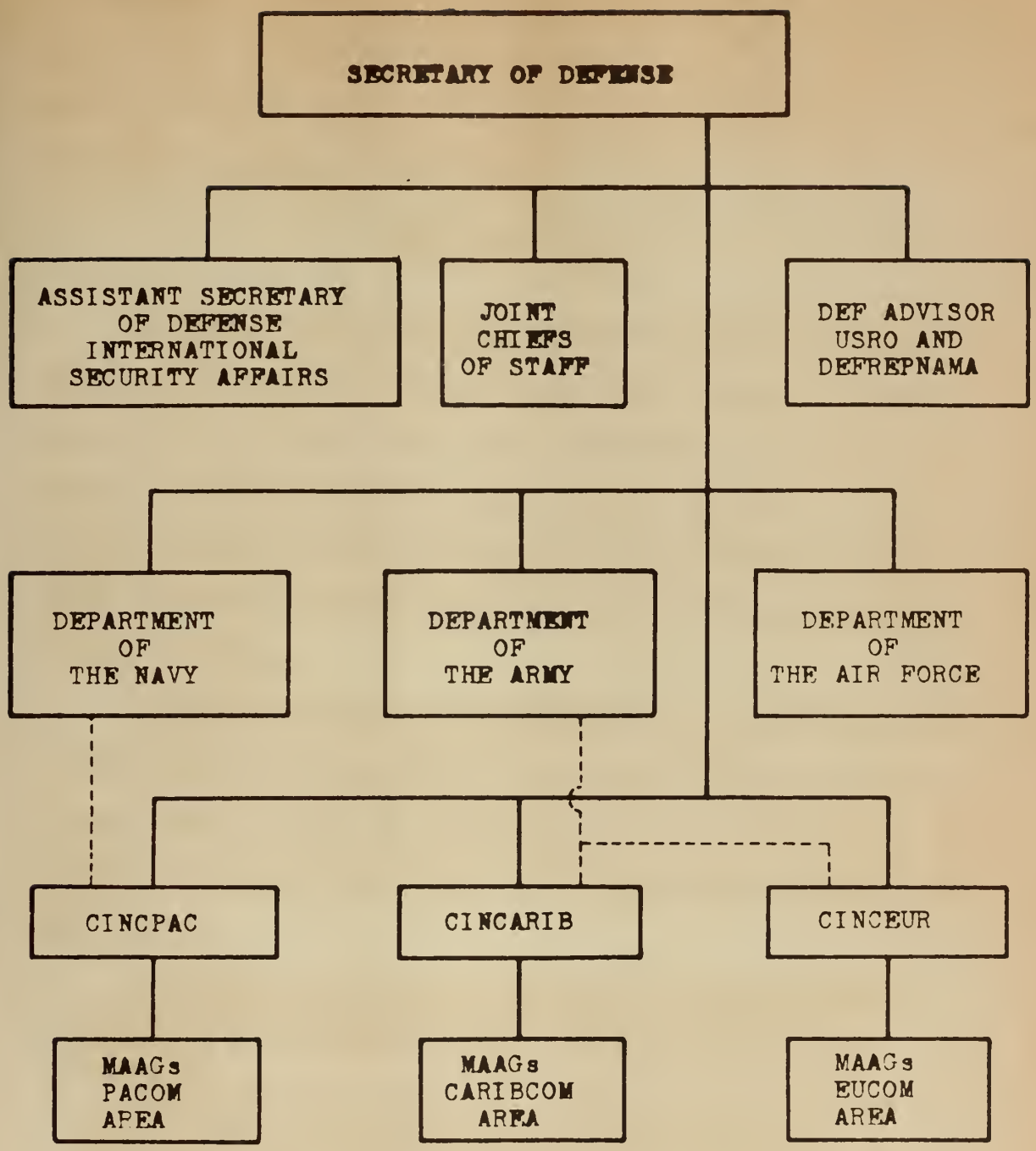
The organizational arrangements and responsibilities for military assistance discussed up to this point have been those centered in Washington, D. C., or at the headquarters level. This section provides an insight into the organization for administration, planning and programming of military assistance on the intermediate and field levels.

The Unified Commands

With respect to military assistance, the three Unified Commands and the geographical areas for which they are responsible are: CINCARIB, whose responsibility comprises all of Latin America; CINCEUR territory includes all of Europe, North Africa (The Army is responsible for MAP in tropical Africa), the Near East and South Asia; and CINCPAC's area of responsibility takes in all of the Far East and Southeast Asia.

Generally speaking, the Unified Commands provide an intermediate level of policy guidance and review between Washington and the Military Assistance Advisory Groups in each country receiving military assistance. They direct and supervise: (a) the activities of the MAAG's in their respective areas, (b) the execution of approved programs, and (c) the development of recommended plans and programs correlating them with U. S. military plans in their area.

Although segments of the Unified Commands may communicate with their respective military departments, the line of command is directly between those commands and the Secretary of Defense (See Figure 6). The Assistant Secretary of Defense (ISA) has staff responsibility for such matters and is authorized



--- Administrative, Logistic Support, and Coordination Responsibilities

Figure 6.

to communicate directly with the Unified Commands, coordinating with the Joint Chiefs of Staff on strategic or military operational matters. Conversely, the JCS are required to coordinate all directives and communications which pertain to military assistance with ASD/ISA.[16]

The Country Team

Although "The Country Team" as such is not defined in any official dogma, it has by custom and usage become a real and significant cog in the organizational machinery for military assistance. This so-called team is chaired by the U. S. Ambassador in the Country, and has as members the Chief, Military Assistance Advisory Group; the Director of the Operations Mission (USOM: the AID field agency within the country); and the Embassy's political counsellor (USIA).

The U. S. Ambassador, as representative of the President and acting on his behalf, has the responsibility for coordinating both economic and military assistance with the foreign policy of our government. President Kennedy, in a letter to all Chiefs of Missions emphasized this responsibility when he said:

> In regard to your personal authority and responsibility, I shall count on you to oversee and coordinate all the activities of the U. S. Government in (the country to which assigned).
>
> You are in charge of the entire United States Diplomatic Mission, and I shall expect you to supervise all of its operations. The Mission includes not only the personnel of the Department of State and the Foreign Service, but also the representatives of all other United States agencies which have programs or activities in (the country to which assigned).[17]

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[16] DOD Directive 5132.3, op. cit., pp. 6-8.

[17] Quoted from unpublished lecture by Wm. M. Leffingwell, Deputy Director of Military Assistance, at the Industrial College of the Armed Forces, 12 October 1961, p. 15.

"The Country Team," then serves as the tool by which and through which the Ambassador exercises his coordination responsibilities of the country level. Broad guidance for the development of military assistance and supporting assistance programs is provided "the Country Team" in the form of a Joint Planning Document issued by the Departments of State and Defense.[18]

Direct lines of command to the various team components are: Secretary of State to the Ambassador to USIA; AID to USOM; and the Unified Commands to the MAAG's.

Military Assistance Advisory Groups (MAAG's)

The Military Assistance Advisory Groups are representatives of the Secretary of Defense in the country to which accredited, and as such are the "front-line" troops in the administration and operation of the Military Assistance Program. As previously indicated, they serve two masters--they are under the supervision of the Ambassador and under the direct command of the Unified Commands which supervise and direct their activities.

It is the personnel of the MAAG's who are in direct contact with the military in the recipient country. They provide advisory services and technical assistance to their counterparts in the country to which assigned. This involves the unpleasant tasks of turning down unrealistic proposals and requests or advising a sovereign nation that its methods and procedures are antiquated. Actually, the effectiveness of military assistance ultimately depends on the officers and men assigned to the MAAG's. It is at the MAAG that the General Accounting Office points its accusing finger if

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[18] *Ibid.*, p. 16.

waste and inefficiency exist in the Military Assistance Program within a country.[19]

The MAAG's are also responsible for: (a) making recommendations to the Unified Commands concerning military assistance in their respective countries; (b) developing military assistance plans and programs, in cooperation with the Ambassador, and submitting them to the Unified Commands; (c) making observations and reporting on the utilization of material furnished and personnel trained by the Military Assistance Program; arranging for the receipt and transfer of military assistance material; and administering military sales transactions.[20]

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[19] Ibid., p. 23.

[20] DOD Directive 5132.3, op. cit., pp. 8-9.

CHAPTER III

MAJOR COMPONENTS OF THE MILITARY ASSISTANCE PROGRAM

Introduction

Although frequent reference has been made to the Military Assistance Program, military assistance per se is accomplished through functional components of MAP, each of which is known as a functional program. Within each functional program a variety of forms of assistance is made available to countries of the Free World as a means of complementing their individual resources. Forms of assistance range from administrative or organizational type assistance to almost complete grant aid support. Each of the functional programs, whether they cover equipment, supplies, construction, training, etc., encompasses a different type of assistance and is developed and administered under different criteria and procedures. It is the purpose of this chapter to identify and discuss, in general terms, the objectives of each of the functional or component programs of the Military Assistance Program.[1]

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[1]Since the overall objectives of the various functional programs are essentially the same within each service, and in consideration of the limited scope of this paper; any discussion of program details will be confined to the modus operandi of one service--The U. S. Navy. For a discussion of the programs as administered by the Army and Air Force see Department of the Air Force, Information and Guidance, Military Assistance Program (Washington: January, 1962), pp. 17-44.

The Grant Aid Material Program

Under the Grant Aid Material Program, equipment, materials and supplies may be provided certain Free World nations on a non-reimbursement basis, i.e., repayment is not generally expected.[2] As in the case of previous military assistance legislation, the Foreign Assistance Act of 1961, authorizes the furnishing of equipment and material to any nation whose increased ability to defend itself is considered, by the President, to be important to the security of the United States; provided such nation is otherwise eligible to receive foreign aid. Material grants are made available to a country for the purposes of (a) maintaining their internal security and self-defense, (b) assisting in the defense of its area, and/or (c) participating in collective security arrangements consistent with the charter of the United Nations.

Before any grant aid material can be given to a country, the United States and the prospective recipient must reach an agreement on relations between the two countries for the duration of the program. These agreements, which began with aid to Greece and Turkey in 1947, and called "Agreement on Aid," are executive in nature rather than treaties; therefore, Congressional approval is not required.

Agreements are generally bilateral and cover a wide range of subjects; however, they do serve as the framework for the Grant Aid Material Program within the limits of foreign aid legislation.[3] Grant Aid recipients must,

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[2]U. S. Congress, House, U. S. Foreign Aid, Document No. 116, op. cit., p. 7.

[3]U. S. Congress, Foreign Assistance Act of 1961, op. cit.

[illegible]

[illegible] supplied [illegible] [illegible] [illegible]

in addition to accepting the conditions the President considers essential in safeguarding the interests of the United States, give assurances that they will:

> Join in promoting international understanding and good will and maintaining world peace.
>
> Take such action as may be mutually agreed upon to eliminate causes of international tension.
>
> Fulfill the military obligations assumed under bilateral or multilateral agreements or treaties to which the United States is a party.
>
> Make, consistent with their political and economic stability, the full contribution permitted by their manpower, resources, facilities and general economic conditions to the development and maintenance of their own defensive strength and the defensive strength of the Free World.
>
> Take all reasonable measures needed to develop their defense capacities.
>
> Take appropriate steps to insure the effective utilization of the assistance furnished in furtherance of the policies and purposes of the authorizing Act.
>
> Maintain the security of any article, service or information furnished.
>
> Impose appropriate restrictions against transfer of title to, or possession of, any equipment, information or services furnished, without the prior consent of the President.
>
> Furnish equipment and materials, services or other assistance consistent with the Charter of the United Nations, to the United States, or to and among other nations to further the policies and purposes of the authorizing Act.
>
> Permit continuous observation and review by United States representatives of programs of assistance, including the utilization of any such assistance and provide the United States with full and complete information with respect to these matters, as the President may require.[4]

For illustrative purposes, a copy of the "Agreement of Cooperation Between the United States and Turkey" is included as Appendix II.

The Training Program

Because of the commodity with which it deals, the Military Assistance Training Program is perhaps the most unique of all the functional programs.

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[4]Department of the Air Force, MAB/Military Assistance Bilaterals (Washington: undated), p. 137.

This training, carried out both in the United States and in the recipient countries, is a significant and vital method of providing military assistance to most of the less developed countries. According to the Draper Committee, the training of foreign nationals produces more useful returns for the dollars expended than any other single aspect of the Military Assistance Program.[5]

The objectives of foreign training are to:

Attain maximum effectiveness of the foreign military forces at the earliest possible time.

Achieve proper operation and maintenance of MAP supplied equipment and proper utilization of other supplies provided under the program.

Establish self-sufficient training programs in the recipient countries.

Facilitate the transition to more modern equipment.

Assist in the accomplishment of responsibilities for the maintenance of overseas internal security.

Create friendship and good will for the United States.[6]

With respect to the last item listed, but by far not the least in importance, more and more emphasis has been placed on foreign training as a means of furthering President Eisenhower's "People to People Program." Admiral Anderson, Chief of Naval Operations, in welcoming senior foreign officers to The Supply Management Course conducted annually by the Bureau of Supplies and Accounts said:

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[5]Composite Report, op. cit., p. 163.

[6]Department of the Navy, Office of the Chief of Naval Operations, OPNAV INSTRUCTION 4950.1B, Directive for Foreign Military Training (Washington: 15 July 1958), p. 1.

This training, carried out both in the United States and in the recipient countries, is a significant and vital method of providing military assistance to most of the less developed countries. According to the Korean experience, the training of foreign personnel produces more useful returns for the dollars expended than any other single aspect of the military assistance program.[5]

The objectives of foreign training are to:

Develop maximum effectiveness of the foreign military forces as the critical possible time.

Achieve proper operation and maintenance of the furnished equipment and proper utilization of other supplies provided with the program.

Establish self-sufficient training programs in the recipient countries.

Facilitate the procurement of more modern equipment.

Assist in the accomplishment of responsibilities for the maintenance of overseas internal security.

Ensure availability and availability for the United States.[6]

With respect to the [illegible], [illegible] the most to [illegible] improvement, more and more emphasis has been placed on foreign training as a means of furnishing [illegible] "[illegible] of foreign [illegible]." Admiral Anderson, Chief of Naval Operations, in addressing [illegible] officers in the Supply Management Course [illegible] by the Bureau of Supplies and Accounts [illegible].

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[5] Department report, op. cit., p. [illegible].

[6] Department of the Army, "Plan of the Chief of Naval Operations, Army Instruction [illegible], [illegible], [illegible] Training [illegible]: [illegible] July [illegible], p. [illegible].

> We welcome this opportunity for you to observe not only our Navy but our citizens as they go about the business of their daily lives. It is our hope that you will meet many of our people and that lasting friendships will be developed. Such friendships between the peoples of the free world form an important bond and develop a better mutual understanding of liberty, freedom and the dignity of mankind.[7]

Also, CNO in his Directive for Foreign Military Training provides for and encourages extracurricular activities in connection with the training of foreign nationals. This directive emphasizes the opportunity for foreign naval trainees in the United States to see and become familiar with the United States, its people, its way of life and its potential for supporting its international commitments. Provisions are also included for the payment of transportation (up to 200 miles) in connection with extracurricular activities, and a payment of $9.00 per officer to the host activity for entertainment purposes.[8]

Appendix III is a typical travel itinerary for the annual Supply Management Course for Senior Foreign Officers.

The types of foreign training provided are varied--each designed to meet a specific objective or need. Training programs normally fall into one of the following categories:

Formal training which is usually scheduled to be conducted at a regular naval training facility, or at Navy schools already in operation in the United States. This type training may, however, be conducted at

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[7]Quoted from unpublished speech delivered by Admiral Anderson, USN, to participants in the 1961 Naval Supply Management Course for Senior Foreign Officers on 18 September 1961, Washington, D. C.

[8]Department of the Navy, OPNAV INSTRUCTION 4950.1B, op. cit., p. 9.

facilities in the United States or overseas, ashore and afloat, which are not necessarily training activities *per se*.

Orientation visits provide for orientation and indoctrinational type training for key foreign military and civilian personnel in appropriate fields of military, administrative or technical interest.

On-the-job training includes the attendance of selected foreign trainees at particular naval activities for the purpose of obtaining instruction through observation and practical procedures.

Mobile training teams are composed of U. S. military and/or civilian personnel who provide instruction in the recipient country. They are generally used to train initial "Instructors" cadres and not to meet a continuing requirement.

Technical representatives are civilian personnel supplied by U. S. industrial or government organizations to perform a more specialized mission than that which is normally assigned to a mobile training team.

Operational training involves indoctrination cruises or visits to U. S. vessels or at operational military units for the purpose of demonstrating modern military procedures to foreign military personnel.

Ships transfer training includes all training conducted to prepare a foreign crew to take over a vessel which has been authorized for transfer to its government.

Other training support includes such miscellaneous training as observer training, ship overhaul training, mission training, etc.[9]

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[9] *Ibid.*, p. 7.

[illegible] [illegible] [illegible] [

Foreign trainees coming to the United States are issued Invitational Travel Orders (ITO) and an Identification Card which under ordinary circumstances authorizes them to participate in all service activities of the regular U. S. Forces including medical care within limits. In addition, ITO's issued under the provisions of Grant Aid authorize the payment of per diem allowances comparable with those paid U. S. Navy officers while serving on temporary duty assignments.[10]

To appreciate the magnitude of MAP Grant Aid dollars allocated to the training of foreign nationals, a breakdown of expenditures by fiscal years is provided in Figure 7.

The Military Sales Program

The Military Sales Program is more of the ideal form of military assistance from the taxpayers' standpoint, and certainly in line with President Kennedy's "new working concept" of foreign aid. In support of foreign assistance before the Congress, the Chief Executive said:

> It is essential that the developing nations set for themselves sensible targets; that these targets be based on balanced programs for their own economic, educational, and social growth--programs which use their own resources to the maximum.[11]

This program enables those countries which are able to assume a greater share of their defense activities to procure defense articles and services from the United States on a reimbursable basis. It provides a means of supplementing

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[10] Ibid., pp. 27-28.

[11] U. S., President (Kennedy), House Doc. No. 117, op. cit., p. 6.

[illegible]

[illegible]

[illegible]

GRANT AID TRAINING[a]

Fiscal Year	Millions of Dollars	Fiscal Year	Millions of Dollars
1951	$22.6	1958	$58.8
1952	73.3	1959	82.6
1953	87.5	1960	n/a
1954	52.4	1961	92.0
1955	72.9	1962	125.4
1956	44.4	1963	139.2 (est.)
1957	49.7		

[a]Dollar totals are for formal course training in the United States and overseas. All figures rounded.

Figure 7.

[illegible]

[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

grant military assistance. Figure 8 reflects the extent to which this has been done by the NATO countries during the years 1950 through 1961.

The Foreign Assistance Act of 1961 provides the general authority for military sales, but as in the case of grant aid, specific authority for individual countries to purchase through Mutual Security Military Sales (MSMS) procedures is to be found in the bilateral agreements between the United States and the specific countries. Although the bilateral agreements do not specify which of three types of MSMS are authorized, they are so worded as to permit negotiations between foreign government military attaches or other representatives of their embassy in Washington, D. C., and the Office of the Chief of Naval Operations. The four types of military sales are: (a) Cash with Order, (b) 120-Day Credit, (c) Dependable Undertaking, and (d) Extended Periods of Credit.[12]

Cash with Order

Under this type of MSMS an order for equipment, material or services is accompanied by a check to cover all costs involved including packing, crating and handling or transportation costs. This type of transaction has the advantage of permitting procurement, if the material required is not available in U. S. Navy stocks, without further recourse to the foreign country, i.e., unless the new procurement price exceeds the amount deposited. If new prices exceed the amount deposited, supply action is held in abeyance until additional funds are deposited.

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[12]Department of the Navy, Bureau of Supplies and Accounts, BUSANDAINST P4920.3, Mutual Security Military Sales (Washington: 31 May 1960), pp. 11-21.

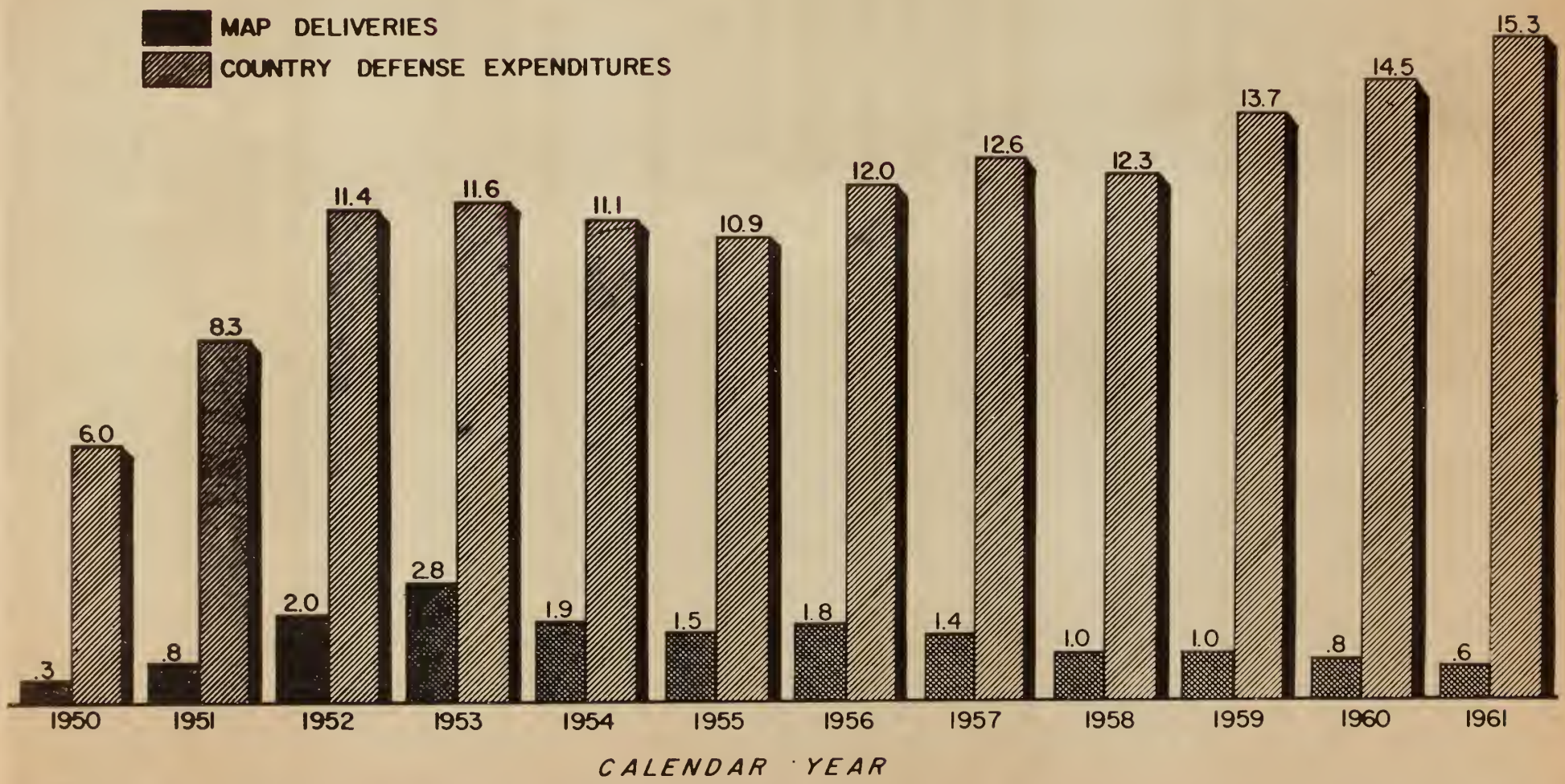
DEFENSE EXPENDITURES AND U.S.
MILITARY ASSISTANCE
EUROPEAN NATO COUNTRIES
(Billions of dollars)
MAP DELIVERIES
COUNTRY DEFENSE EXPENDITURES
.3
6.0
.8
8.3
2.0
11.4
2.8
11.6
1.9
11.1
1.5
10.9
1.8
12.0
1.4
12.6
1.0
12.3
1.0
13.7
.8
14.5
.6
15.3
1950
1951
1952
1953
1954
1955
1956
1957
1958
1959
1960
1961
CALENDAR YEAR

Figure 8.

Foreign governments may also utilize a "Blanket Deposit System" for use in the purchase of spare parts. Under this arrangement deposits are generally made to cover one year's requirements, and orders are written against this deposit. Accounting statements are then furnished the recipient country upon completion of supply action or at the end of the year for which the deposit was made.

120-Day Credit

Certain foreign countries are authorized to procure U. S. Navy stock items on credit. Under this arrangement, credit is extended up to 120 days after shipment of the material, with payment due within 90 days from receipt of the accounting statement. The advantages accruing to a country through use of this type MSMS are:

(a) Orders may be placed without an initial outlay of cash.

(b) Items in the Navy Stock Lists may be ordered under a specific "case number" without generating correspondence for price and availability studies.

(c) Periodic accounting statements provide full information as to items billed, proof of shipment, accessorial charges and the destination to which the payment should be forwarded.

Dependable Undertaking

The term "dependable undertaking" is generally applied to those sales to foreign governments which involve long lead time procurement and a substantial number of dollars. Sales consummated under dependable under-

takings must be approved by the Office of the Chief of Naval Operations, and maintained under constant surveillance. The primary advantage of this "contract authority" type sale is that the country concerned does not have to put up large deposits at the time the order is submitted. However, payment must be received prior to shipment of the material or equipment from the United States.

Extended Periods of Credit

Sales consummated under this authority[13] may be made on any conditions the President may approve, i.e., the credit term is unlimited. In such cases military assistance funds are used to reimburse the supplying service. In addition, the administrator of the Agency for International Development (AID) may, when in his opinion the best interests of the United States will be served, authorize a delay of payment up to three years after delivery of the defense articles.

Of the four types of military sales under the Military Assistance Program, the 120-Day Credit arrangement is the most efficient and least costly method of selling stocked items. On civilian-type equipment, the Navy encourages allied navies to submit their orders directly to the appropriate commercial source. This practice has almost completely eliminated the time-consuming, small unit purchase military sales items from the Navy's purchase system.[14]

Figure 9 shows the Navy's processing cycle for military sales involving major equipments and classified items.

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[13]Section 503 of the Foreign Assistance Act of 1961.

[14]J. B. Warner, Jr., "The Navy Program for Military Assistance," Monthly Newsletter: Magazine of the Navy Supply Corps, August, 1960, p. 10.

CYCLE FOR MUTUAL SECURITY MILITARY SALES
WHERE COMPLETE EQUIPMENTS, MAJOR ITEMS AND
CLASSIFIED ITEMS ARE DESIRED

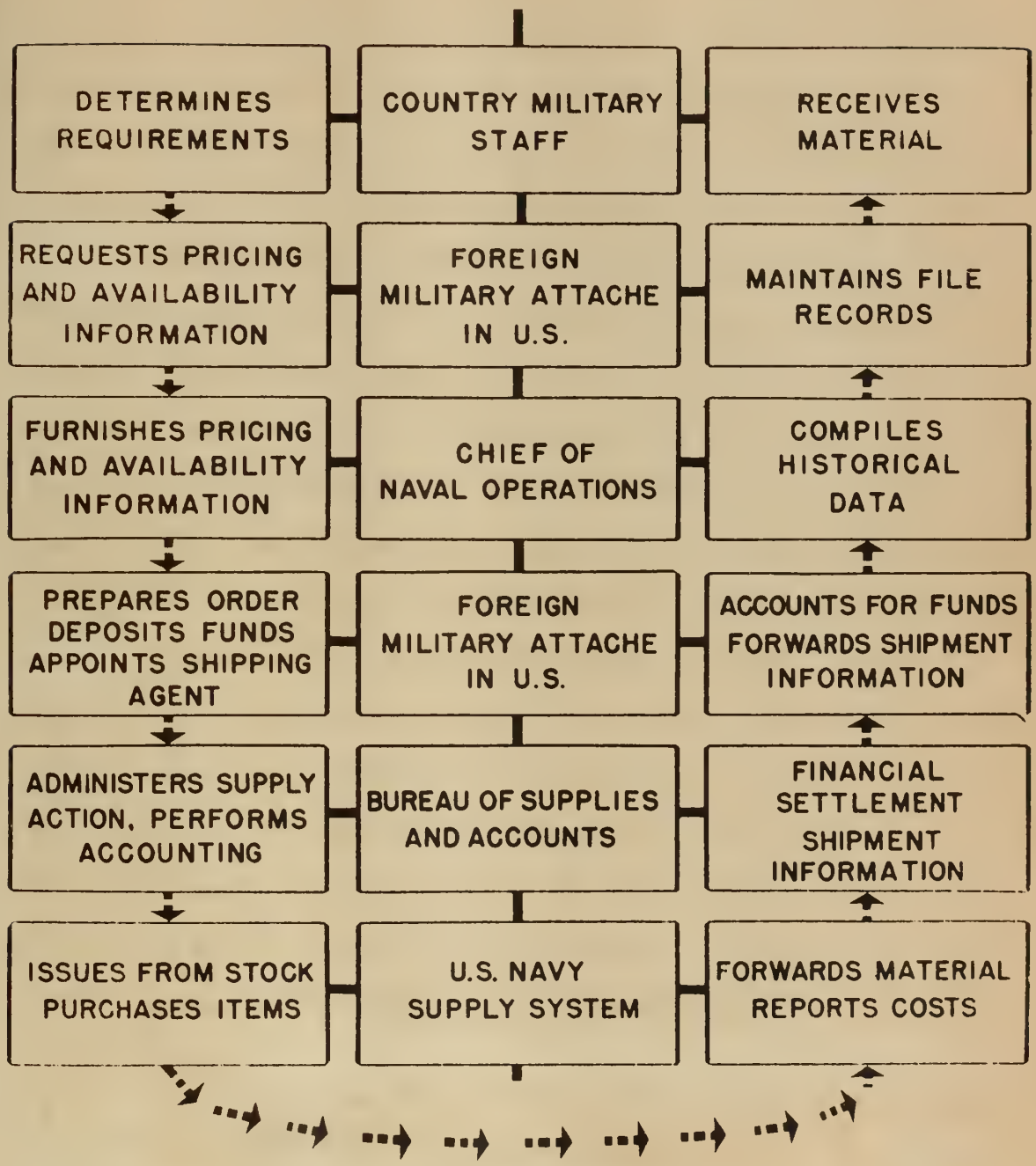

Figure 9.

The Mutual Weapons Development Program[15]

The Mutual Weapons Development Program was designed for the purpose of increasing the defensive capability of the United States and its allies by accelerating the research and development of advanced types of non-nuclear weapons and equipment. Also, the program is expected to provide our allies with items more suited to their needs and thereby more economical to operate and maintain than corresponding items produced in the United States.

Under this program, which is jointly administered by the Director of Research and Engineering and the Assistant Secretary of Defense (International Security Affairs), participating countries finance a share of the costs while the United States provides technical advice and limited financial assistance. In this way we gain assurances that the available technical capabilities of the Free World nations are being brought to bear on the scientific problems encountered in maintaining effective defenses in this technological age.

Implementation of the Mutual Weapons Development Program is accomplished through a Mutual Weapons Development Team (MWD) assigned to the Office of the Defense Advisor, USRO Paris, France. Based on annual surveys, this team recommends weapon development projects to US EUCOM who, in turn, forwards them with pertinent comments to Washington for review by the Director of Defense Research and Engineering, the Assistant Secretary of Defense (ISA), the OASD Comptroller, the Department of State, and the Bureau of the Budget.

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[15]Department of the Air Force, MAP, op. cit., p. 14.

For those projects which are approved, the MWD Team negotiates technical agreements with the countries concerned. These technical agreements delineate the projects, obligate the funds, and serve as a basis for the payment of specified funds in support of approved projects.

The Weapons Production Program

The Weapons Production Program is a natural follow-on of the Mutual Weapons Development Program. Under this program, the United States furnishes our allies with engineering services, samples of material, plus any specialized test equipment and tooling that may be required. However, the selection of projects and individual country contributions must be agreed upon by NATO members and/or individual nations and the United States. As a combination of the former Facilities Assistance and Sample Weapons Programs, the Weapons Production Program is designed to assist our allies in the manufacture of military equipment. It also serves as a means of stimulating and facilitating more effective cooperative efforts among friendly allied countries in the production of modern weapons, including missiles. The onus, however, is on the participating countries--they are expected to procure the major portion of both material and service requirements from their own resources and with their own funds.[16]

The NATO Infrastructure Program

In general terms, infrastructure involves the international construction of fixed installations considered necessary for military

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[16] *Ibid.*, p. 15.

[illegible] particularly are concerned, the [illegible] organizations [illegible] approaches with the [illegible] [illegible]. These organized [illegible] [illegible] the [illegible], [illegible] the [illegible], [illegible] [illegible] [illegible]

operations. The United States, as early as 1950, has participated in the financing of these NATO projects which provide essential military installations such as airfields, communication and radar facilities, POL transmission and storage facilities, naval bases, war headquarters, and training facilities for the use of all military forces committed to NATO.

The infrastructure projects of NATO are planned and financed under annual programs called "slices," each identified by a number, starting with Slice I, in calendar year 1950. Up until 1960, these projects generally covered major installations such as naval bases and airfields. Since 1960, the emphasis has been placed on storage for nuclear warheads, and Surface-to-Air (SAM) and Surface-to-Surface (SAS) missile sites.

During the early '50's the United States contributed over 43% of the NATO infrastructure costs and an average of 37% during the late '50's, with estimates for fiscal years 1962 and 1963 running at slightly less than 31%[17]

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[17]Department of Defense, Military Assistance Facts, op. cit., pp. 32-33.

CHAPTER IV

BUDGETARY PROCESS FOR MILITARY ASSISTANCE[1]

Introduction

As pointed out by the 1961 class, Navy Graduate Comptrollership Program, "there are probably as many definitions of the word 'budget' as there are people who have written about the subject."[2] It was the opinion of the class of '61, and one shared by this writer, that Manley H. Jones covered the major points of most writers on the subject when he stated that:

> Budgets are essentially tools for planning and implementing plans. . . . The operating budget is a summary of . . . future plans, cast in terms of dollars. It provides a set of goals . . . /and for/ a measure of how well these goals have been achieved--how well the actual performance compares with the standards that have been set in the budget.[3]

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[1]Unless otherwise indicated, the material for this chapter is based on notes taken during interviews with Commander Lewis O. Smith, USN, Foreign Military Assistance Division, Office of the Chief of Naval Operations, on February 21 and 23, 1962.

[2]"Performance Budgeting and Financial Management in the Department of the Navy," (unpublished research report of the 1961 class, Navy Graduate Comptrollership Program, The George Washington University, February 10, 1961), p. 4.

[3]Manley Howe Jones, Executive Decision Making (Homewood, Illinois: Richard D. Irwin, Inc., 1957), p. 442.

Whatever the definition, the budget has long been the decisive resource-allocating instrument in the federal government--it lies at the very heart of our national security policymaking.[4] This fact recognized, it was in the area of budget formulation that the Draper Committee made some of its most profound and readily adopted recommendations for improvement of the planning-programing-budgeting process for military assistance. In its 3 June 1959 report to the President, the committee recommended that the Executive Branch take action to put into effect procedures for programing military assistance, the key aspects of which were: (1) three year, time phased programs; (2) greater decentralization of programing responsibility to the Unified Commands; (3) establishment and annual revision on a continuing basis of dollar guidelines for the three year programing period; (4) increased participation in the programing process by the "Country Team" under the direction of the Ambassador; and (5) justification of the program to the Congress by representatives of the Department of Defense assisted by representatives of the State Department and the then International Cooperation Administration (functions absorbed by AID).[5]

Executive Branch implementation of these recommendations (to varying degrees) began in 1959, and was largely completed by mid-1960.[5]

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[4]U. S. Congress, Senate, Committee on Government Operations, Organizing for National Security, 87th Cong., 1st Sess., 1961, p. 1. A study prepared for the committee by its Subcommittee on National Policy Machinery.

[5]Composite Report, op. cit., p. 36.

[6]Department of the Air Force, MAP, op. cit., p. 9.

Whatever the definition, the budget has long been the decisive resource-allocating instrument in the general government--it lies at the very heart of our national security policymaking.[1] This has recognized, it was in the form of budget recommendations that the Bureau functions made some of its most profound and durable strategic recommendations for improvement of the planning-programming-budgeting process for military resources. In the 3 June 1950 report to the President, the Executive recommended that the Executive Branch then acting to put into effect procedures for programming military resources, but the elements of which were: (1) three year, then shared revenues; (2) general reconsolidation of programming responsibility in the Bureau functions; (3) reconsolidation and social revision of a programming basis of military policies; (4) the three year programming method; (5) incorporated participation in the programming process by the "Bureau Staff" under the direction of the Executive; and (6) justification of the revenue to the Congress by representatives of the Department of Defense assisted by representatives of the Bureau Department and the Bureau Department Corporation Administration (Executive Branch) by 1949.[2]

Executive Branch implementation of these recommendations (by varying Bureau) began in 1950, and was largely completed by 1952-1953.[3]

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[1] U. S. Congress, Senate, Committee on Government Operations, Organization for National Security, 87th Cong., 1st Sess., 1961, p. 1. A study revised for the Committee by the Subcommittee on National Policy Machinery.

[2] Composite Report, op. cit., p. 34.

[3] Department of the Air Force, 1957, op. cit., p. 7.

Plan and Program Guidance Development--
National and Unified Command Level

In grappling with such formidable questions as: How much of our national substance should be devoted to the requirements of national security? What is the right level of foreign aid? What is the best division between military and economic aid?, etc., the President requires and seeks help from many quarters.[7] He turns to the National Security Council, the Departments of State and Defense, the Agency for International Development, and other agencies concerned with national security matters, for advice in determining the order of magnitude of appropriations which he will seek from Congress for military aid. Of course, this determination has built into it certain political realities of what the President thinks he can get and how much he is willing to fight for the program.

All of these considerations come together, initially, in general terms at the National Security Council level where a specific dollar guideline is established. This guideline then, in the case of military assistance, is referred to the Department of Defense for translation into dollar guidelines by geographic areas which conform to the areas of the Unified Commands that have MAP responsibilities. These are USCINCEUR for the European Command (EUCOM), CINCPAC for the Pacific Command (PACOM), and CINCARIB for the Caribbean Command (CARIBCOM).[8]

These dollar guidelines are then issued to the commanders of the Unified Commands who have the responsibility for establishing ceilings, by

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[7]U. S. Congress, Organizing for National Security, op. cit., p. 1.

[8]There are other commanders of Unified Commands but they are not involved in the Military Assistance Program.

[illegible]

country, within their area. In other words, the Unified Commander "splits up the pot" by dollar values and by countries as he deems best and further transmits the information to the individual Military Assistance Advisory Groups. The MAAG must then, within the dollar ceiling imposed for a specific country, further divide the planning "pot" among the three services. All across the board in the "pot splitting" from Washington to the individual MAAG's, the split is determined by the threats and the requirements to meet those threats rather than on an equitable dollar distribution by services. An equal split could only take place in a country which had great balance existing within its forces in being. Such a situation would be rare indeed.

In addition to dollar guidelines, the Director of Military Assistance provides the Unified Commanders and the MAAG's with policy, technical and administrative guidance in the form of two important publications. Technical and administrative guidance required for the preparation of plans and programs is provided in the Military Assistance Manual (MAM). The Military Assistance Basic Planning Document (BPD), the more significant of the two publications, is a consolidation of all available policy guidance for the preparation of military assistance plans.

The Basic Planning Document is compiled in coordination with the Department of State and the new Agency for International Development (AID). Within the BPD there are three sets of guidelines, political, military and economic, each of which are set forth in specific terms, country by country. Actually, the book is divided into "country chapters" which become the basic policy considerations for the Unified Commanders and for the individual MAAG's in developing specific plans and programs for their countries.

Generally, the guidance is broad enough to give the field commanders an opportunity to maneuver within reasonable limits in what is essentially a fluid situation.

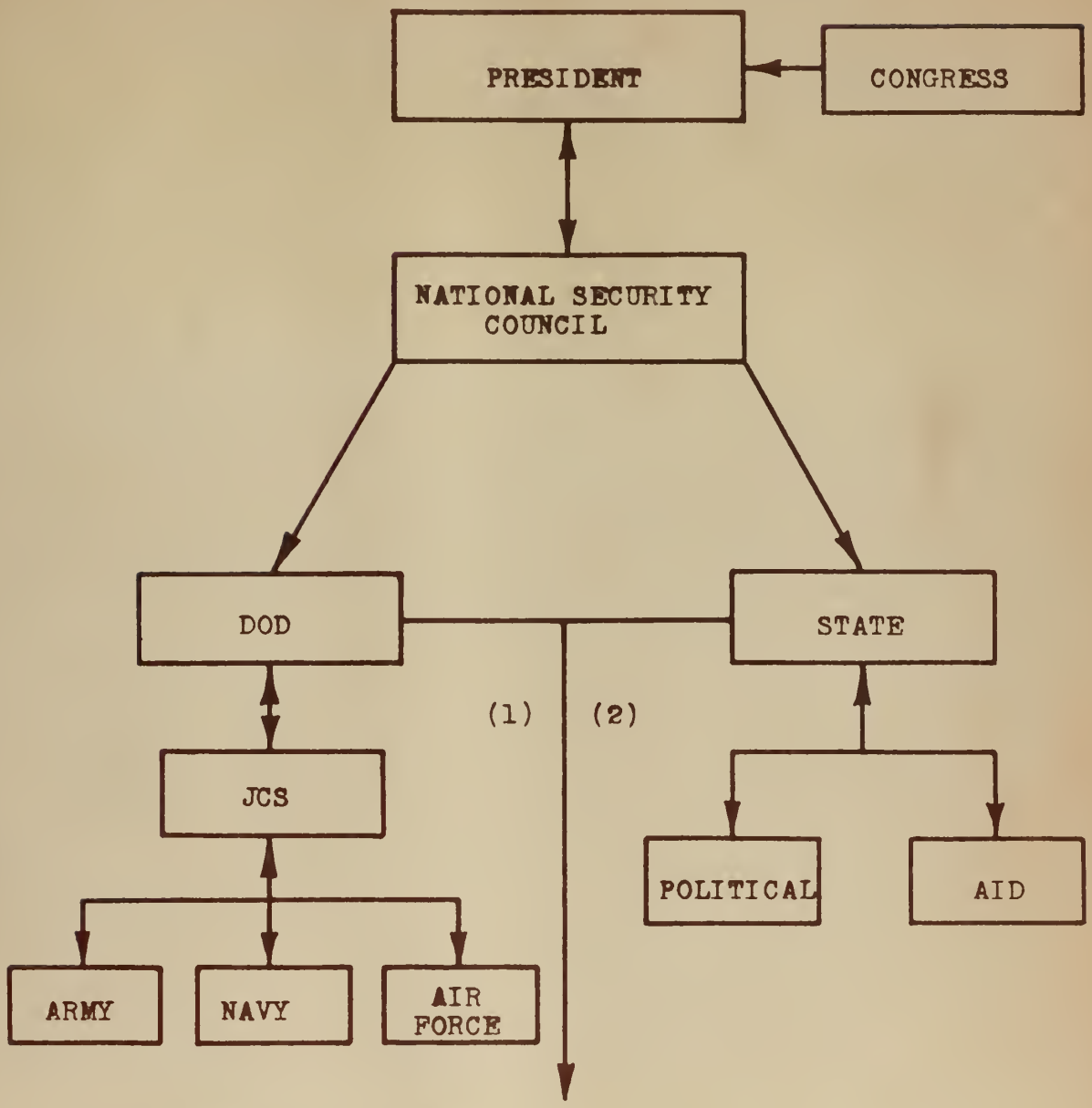
Figures 10 and 11, which are two of an eight part flow chart series on MAP planning and programing, graphically illistrate the plan and program guidance development on the National and Unified Command levels.

Plan and Program Development--Country Level

The country program is developed by the Chief MAAG in conjunction with the so-called "Country Team." As will be remembered, the Country Team is composed of the U. S. Ambassador in the country, who serves as chairman of the team; the Chief, MAAG; the Director of the Operations Mission (USOM);[9] and the Embassy's political counsellor. Preliminary plans and programs for military assistance are worked over by the Country Team within the framework of the Basic Planning Document to insure that the plan is feasible on all three fronts, i.e., military, political and economic.

The problem of local currency, both U. S. and indigenous controlled, may be cited as an example of the importance of the economic review. The AID representative on the Country Team has to predict the amount of tax revenues which will be generated for the year, and provide an estimate of the gross national product that will be achieved during the five year planning phase. This is done in order to determine the amount of local currency that may be available for military operations. Concurrently, he does the same thing for U. S. controlled local currency which is generated in several ways. The two major ones are: (a) the sale of surplus United States

PLAN AND PROGRAM GUIDANCE
DEVELOPMENT -- NATIONAL LEVEL



(1) BPD & MAM to UC & CHMAAG
(2) Dollar Guidelines

Figure 10.

PLAN AND PROGRAM GUIDANCE REFINEMENT
-- UNIFIED COMMAND LEVEL

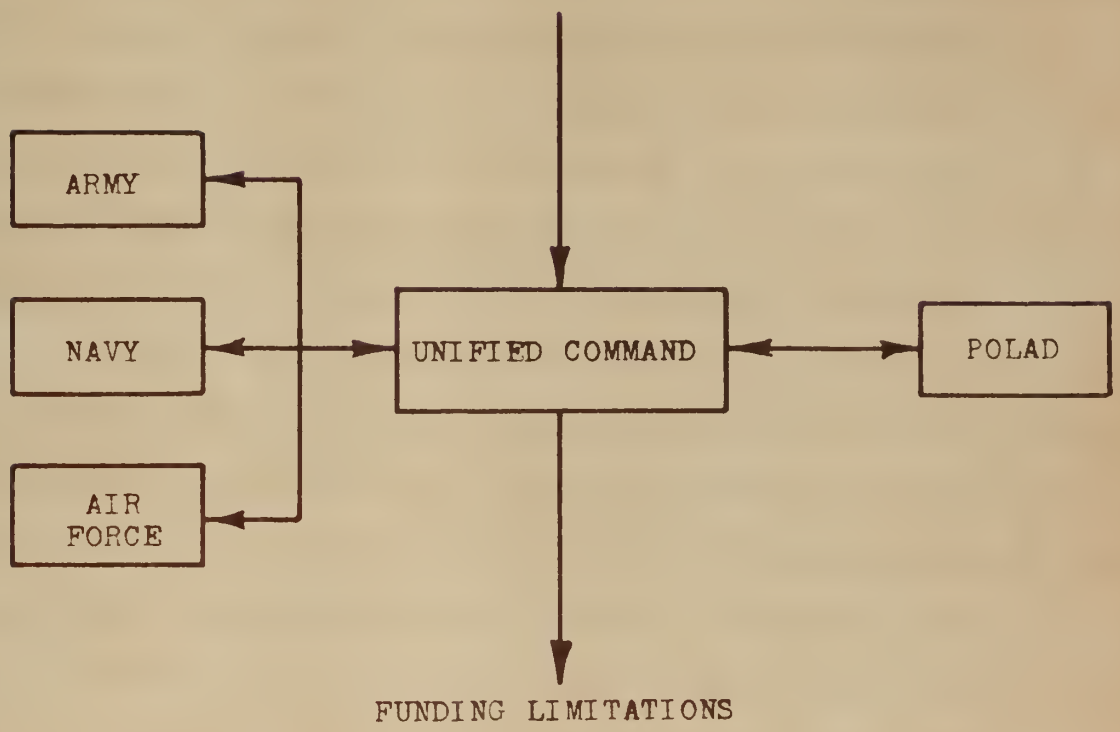


Figure 11.

commodities,[10] and (b) Supporting Assistance.[11]

Through the sale of surplus commodities a country obtains revenue in local currency for the sale of products that have previously been paid for by the U. S. taxpayer in the form of price supports.[12] Although agreements under the surplus commodity legislation are negotiated with countries on an individual basis, they all specify that the local currency so generated will be expended by the country on U. S. approved development projects only. A portion of this currency goes into economic programs, and another portion is worked into the indigenous military budget. That which goes into the military budget is generally expended on soft goods, i.e., the building of barracks, food for the troops, military pay, shoes, clothing, etc.

Under the supporting assistance arrangement, a determination is made by the United States as to what items and materials a country needs to assist in its further economic development but which it is not capable of producing on its own. Economic foreign aid funds are then used to purchase these goods which are imported and turned over to the country for sale on the local market, thereby generating local currency. The proceeds from such sales are deposited in a joint US-Country account in a local bank. However, the local

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[10]Authorized by Public Law 480 wherein surplus commodities may be disposed of overseas under certain conditions.

[11]Supporting Assistance prior to the FAA of 1961, was known as Defense Support--a form of economic aid administered by ICA, and carried forward under the new legislation by its successor organization, AID under a new name.

[12]These funds are administered and accounted for by the Department of Agriculture.

government cannot withdraw funds from this account unless the withdrawal has been countersigned by an appropriate United States authority. The restraint and control thus provided leads to the term "U. S. Controlled Currencies."[13]

As can be seen, consideration of both indigenous and U. S. controlled currencies available in a country, is important in developing a Military Assistance Program for that particular nation. All of these factors must be projected on the local scene and "cranked" into the budget for each country eligible to receive military assistance funds. Discussions between U. S. and country representatives incident to the development of assistance plans, programs, and related data, however, must be conducted in such a way as to make it clear that they do not constitute or imply a commitment on the part of the United States.[14]

Figures 12 and 13 illustrate the guidance received, the development, and the review process involved in military assistance planning and programing on the country level.

The Review Process-Unified Command and National Levels

When final agreement is reached on the country level; the detailed plan, expressed in financial terms, is forwarded back through the same military chain through which this initial planning was delegated, i.e., the Unified Commanders and then on to Washington. It is the Unified Commander's responsibility to review each MAAG's submission in terms of its relationship

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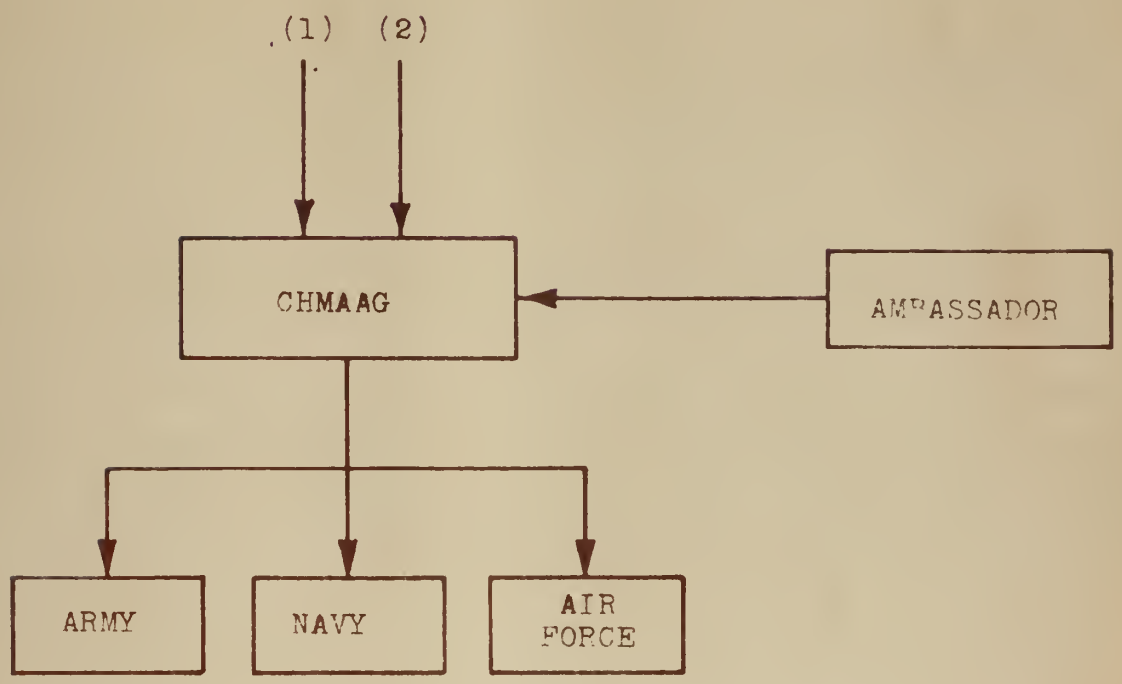
[13]This system was developed as a means of insuring that funds are utilized for sound economic development programs so designed as to increase the industrial capacity of the country or improve its overall economy to some degree.

[14]Department of Defense, Military Assistance Manual (Washington: February, 1962), p. 10.

PLAN AND PROGRAM GUIDANCE DELIVERY
-- COUNTRY LEVEL



(1) Basic Planning Document (BPD) and
Military Assistance Manual (MAM)
(2) Dollar Guidelines

Figure 12.

PLAN AND PROGRAM DEVELOPMENT AND
COUNTRY TEAM REVIEW AND APPROVAL

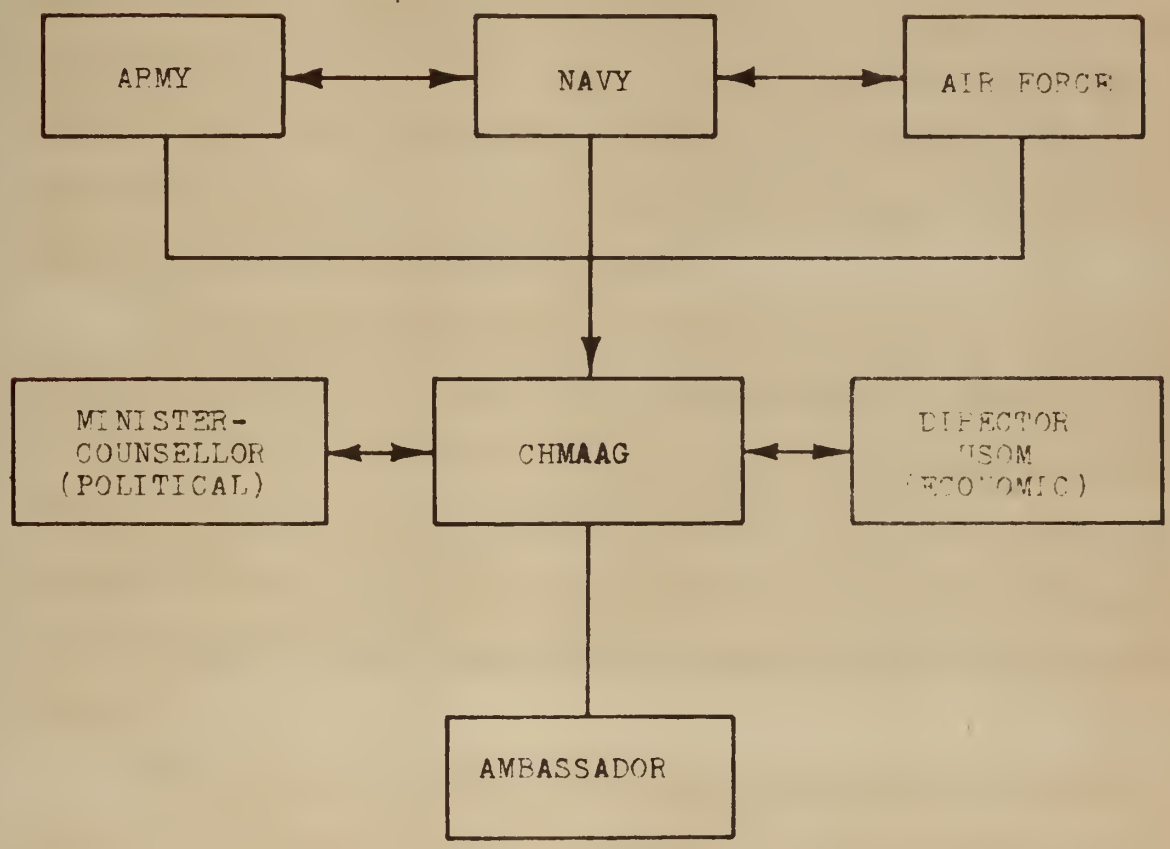


Figure 13.

to other military-aid country objectives and programs within his regional area for such refinement as deemed necessary. The Unified Commander then forwards detailed item data to the Director of Military Assistance on electrical accounting machine cards which indicate the program year for each program line item for which a delivery/expenditure is projected during the six-year period encompassed by the five-year planning period plus the current fiscal year. This same review and forwarding action is accomplished by each of the three Unified Commands concerned with the planning and programing of the Military Assistance Program. Flow of the plan and program process on the Unified Command level is illustrated by Figure 14.

In Washington, the Department of Defense has primary responsibility for reviewing the budget year programs submitted by the Unified Commands. It is in DOD that all elements of the Military Assistance Program budget are consolidated and reviewed by the Joint Chiefs of Staff, the Secretary of Defense, the Director of Military Assistance, and the military departments to insure that military assistance planning dove-tails with our own military planning.[15]

The Department of State must evaluate the proposed MAP budget as to foreign policy implications, while the Agency for International Development evaluates the economic and technical aspects of the plan. In addition, and before Executive approval may be received, the Treasury Department, the Bureau of the Budget, the United States Information Agency, the Central Intelligence

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[15] Ibid., p. 30.

PLAN AND PROGRAM REVIEW
UNIFIED COMMAND LEVEL

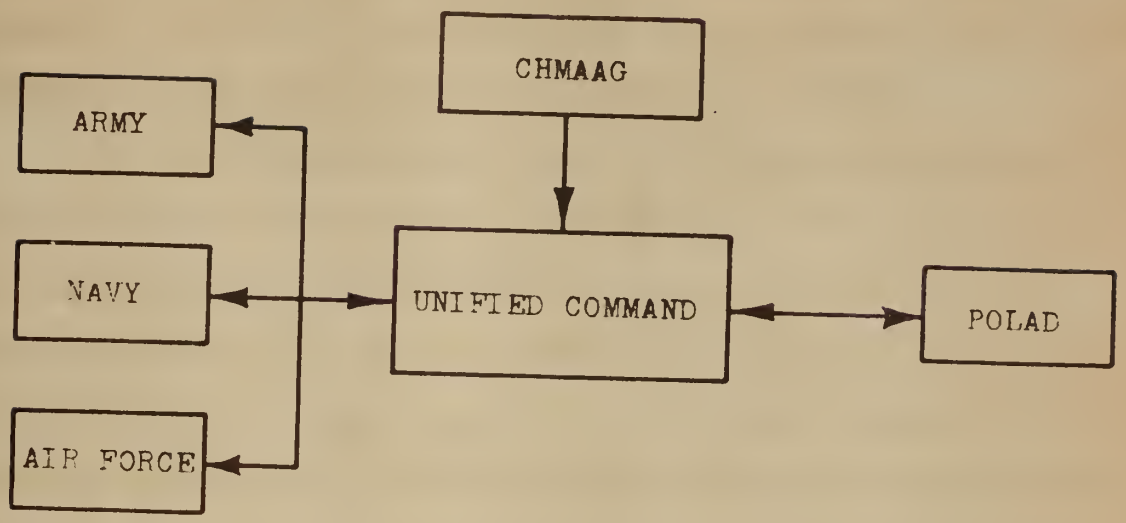

Figure 14.

Agency, and the Office of Defense Mobilization must all be given an opportunity to express their views of the program consistent, of course, with their appropriate responsibilities. It is the administrator of the Agency for International Development who has the responsibility for the overall coordination effort on the national level. Distribution for review of the plan and program on the national level is reflected in Figure 15.

This "fully coordinated" program is once again reviewed by the Bureau of the Budget to insure that it is consistent with the overall operating and fiscal programs of the Executive Branch, and is then forwarded to the President for approval. Following Presidential approval, "Presentation Books" are prepared for use of the Congress during its scheduled hearings. These books are organized on a country and regional basis and contain a summary of past progress relative to program objectives as well as new budgetary requests.

Figure 16 illustrates the flow involved in the plan and program review and approval process on the national level.

Congressional Action and the Reprograming Process

The Military Assistance Program budget submissions are included with those for all other Defense Department programs.[16] This means that the

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[16]This procedure, first reflected in the Mutual Security Act of 1959, was recommended by a number of groups convened to study military assistance and foreign aid in general. These include the Report on Foreign Policy and Mutual Security prepared for the House Foreign Affairs Committee, in December, 1956, by its then Chairman and the Committee staff; the Report to the President, in March, 1957, by the President's Citizen Advisers on the Mutual Security Program; the Report of the Committee on World Economic Practices, dated January 22, 1959; and the Composite Report to The President's Committee to Study the United States Military Assistance Program, dated August 17, 1959.

PLAN AND PROGRAM DISTRIBUTION FOR REVIEW
-- NATIONAL LEVEL

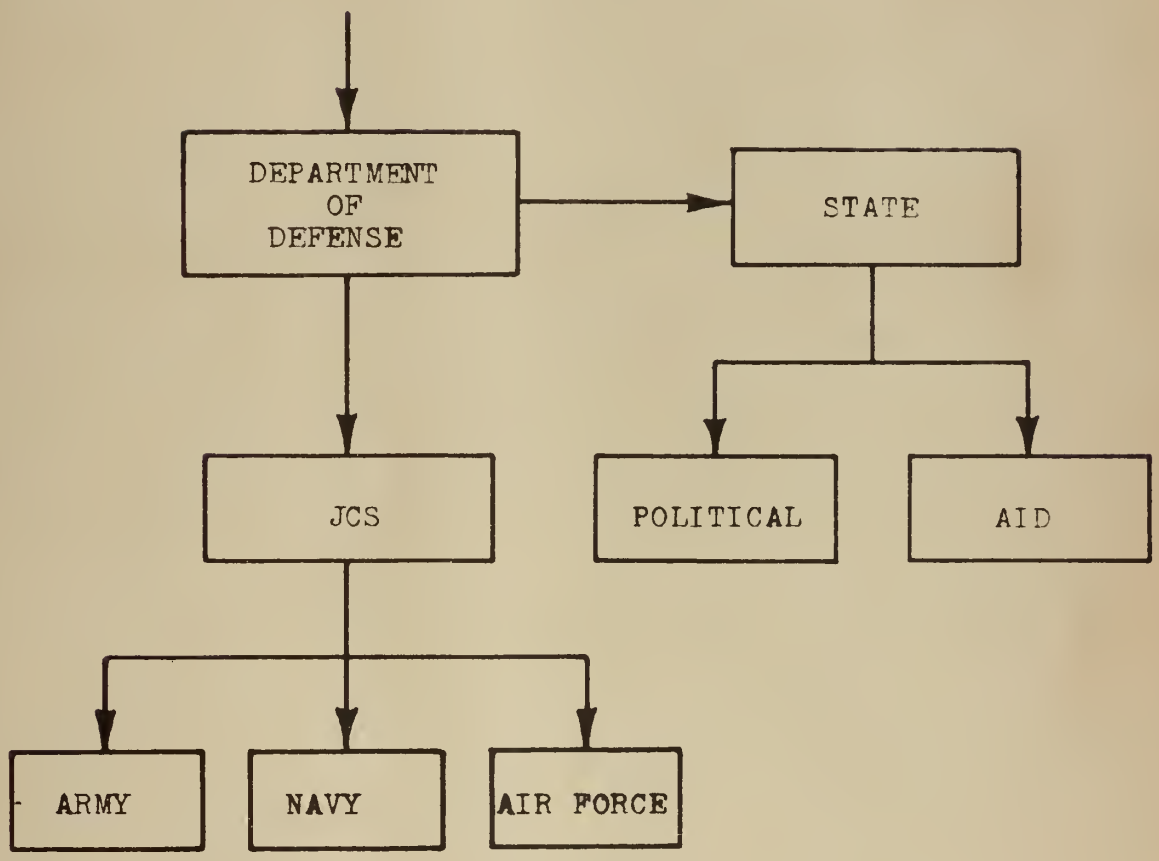

Figure 15.

PLAN AND PROGRAM REVIEW AND APPROVAL
-- NATIONAL LEVEL

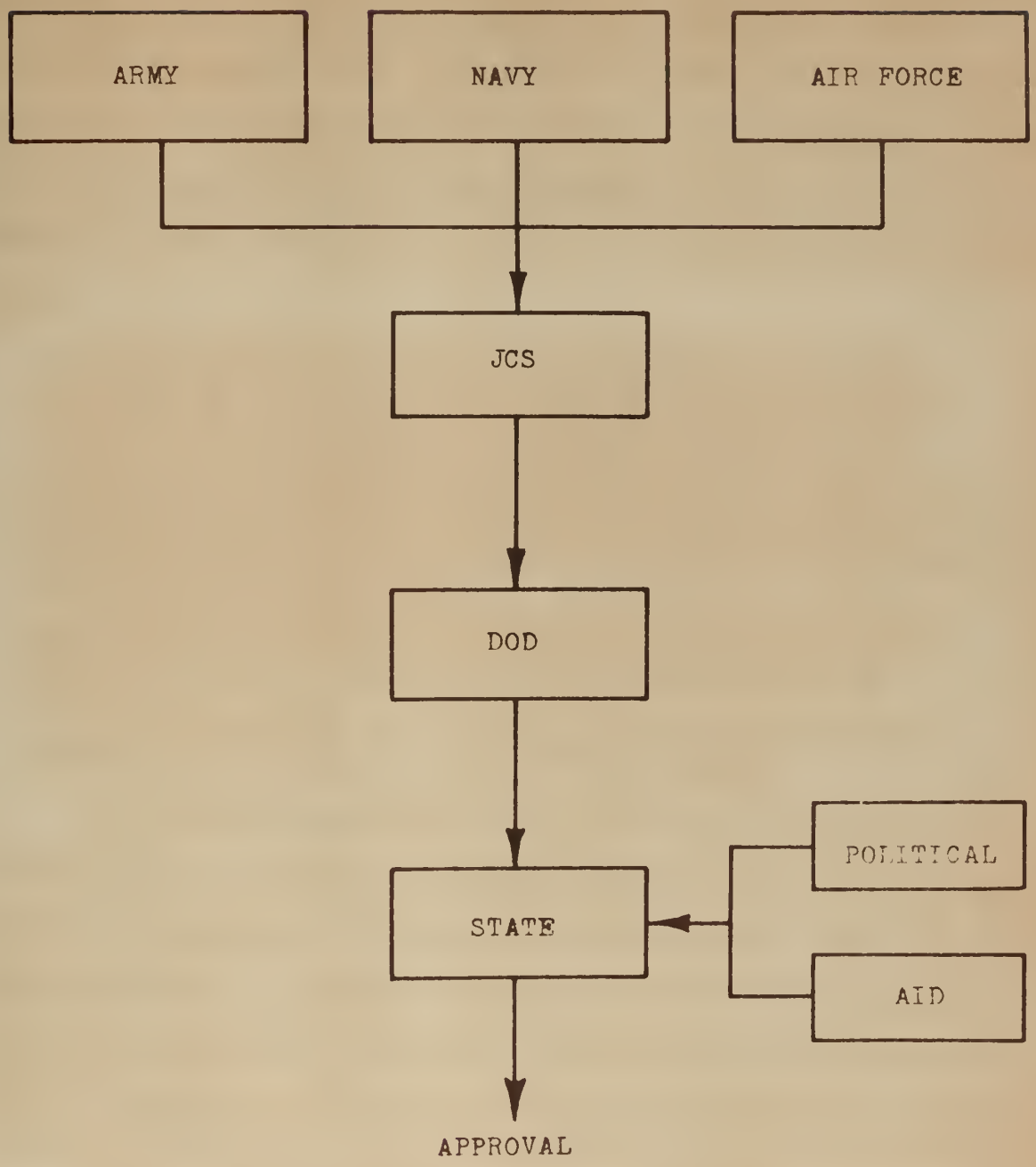

Figure 16.

Secretary of Defense has primary responsibility for justifying military assistance before the appropriate congressional committees. Although Secretary McNamara in justifying the Fiscal Year 1962 MAP before the Senate Appropriations Committee stated that economic aid and military aid are "not competitive but complementary," he gave a strong argument for the $1.885 billion requested for military assistance. In concluding his testimony, he said:

> Let me emphasize the care that we used in arriving at this final figure. The items in the program were carefully selected, first by me and then by the President, from a much longer list which consisted of items for which our military advisors had certified that a high priority military requirement existed. In paring the list, I myself took particular pains to eliminate items of sophisticated equipment where in my judgment the recipient countries would not be capable of using this equipment effectively at least at the present time.
>
> I strongly urge that the Congress enact the proposed statute under which the program will operate hereafter, and support the request for $1.885 billion in new obligational authority for FY 1962.
>
> It is my judgment, as it is that of the President, that this is a minimal estimate. It is still at rock bottom.[17]

In addition to the Secretary of Defense, other responsible officers are called upon to testify before congressional committees concerning various elements of the program in both open and closed hearings. These include the Secretary of State, Secretary of Treasury, Administrator of AID, Unified Commanders, departmental chiefs, field representatives, and witnesses from outside the government--all must testify as to the advisability of adopting the

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[17]U. S. Congress, Senate, Hearings, on H. R. 9033, op. cit., p. 145. For a detailed and comparative breakdown of the $1.885 billion request by area, category, and region; refer to Appendixes IV and V.

program proposal as drafted. Figure 17 shows the key offices and agencies involved in justifying the Military Assistance Program before Congress.

Following hearings and study by the congressional committees, the program is usually modified before final passage by the Congress and subsequent approval by the President. This modification or refinement action generally includes a reduction in program requests which necessitates a second round of review within the Executive Branch known as "reprograming."

Reprograming usually involves a reevaluation of priorities relative to military objectives and changes in the international situation. This can mean as little as an item adjustment or a major shift in program emphasis in a particular country. In the process of reprograming, refinement documents are exchanged between the Departments of State and Defense and the Agency for International Development before the program can approach finalization. It must be recognized, however, that at no point in time are the specific programs locked-in. Military Assistance Programs are in a constant state of turmoil--a brush fire here and a Berlin build-up there! All of these situations make immediate demands for funds which generally means that some plan and/or program has to be modified or dropped to make room for a new crisis. As a result, there is a constant review and change process going on at the three main levels of management: The Country MAAG, the Unified Command, and in Washington.

Time-Phased Schedule

Since programing involves a course of action designed to accomplish a specific objective within a specified time schedule, it is considered

PROGRAM JUSTIFICATION

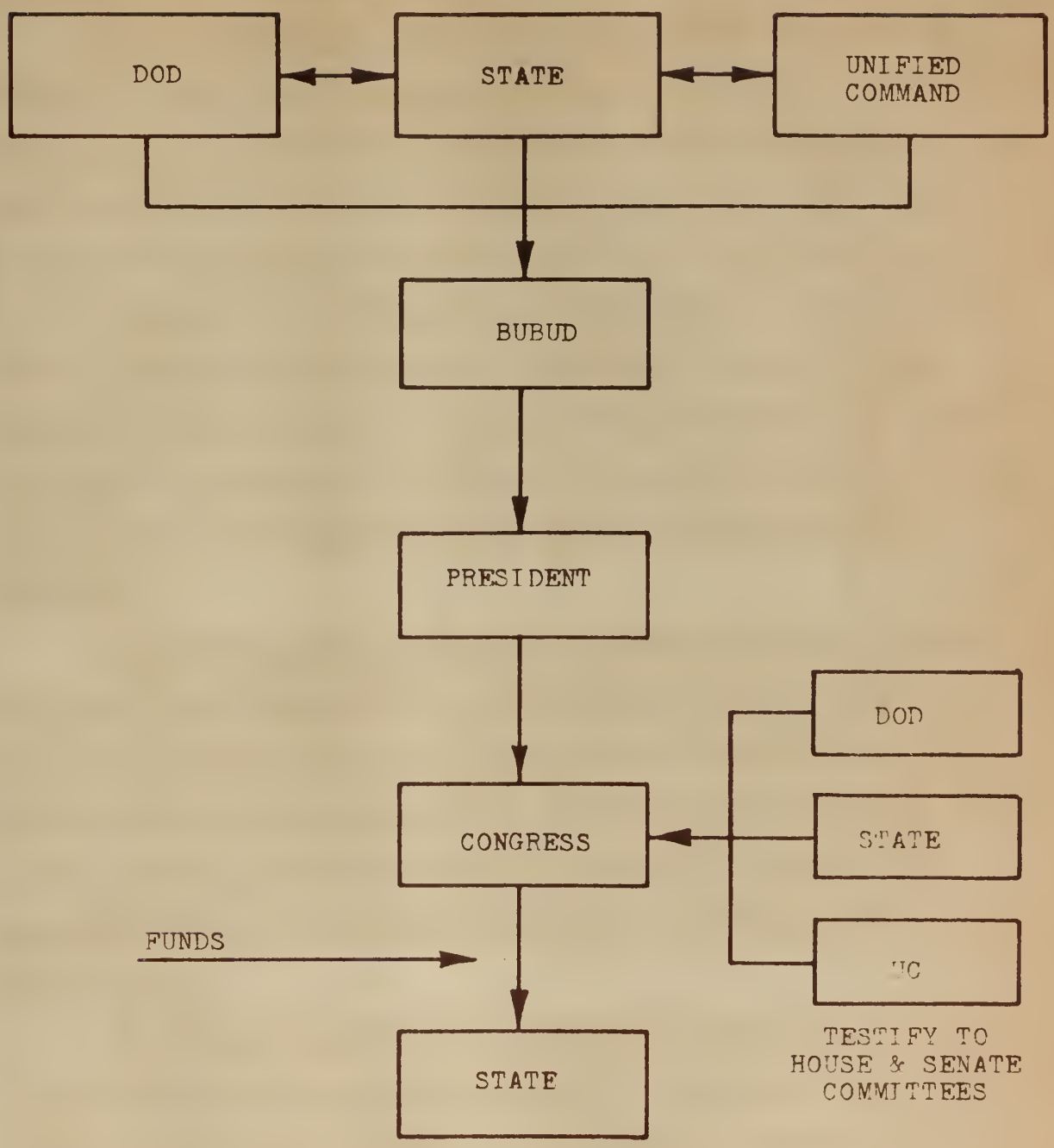

Figure 17.

pertinent that a review of the MAP budget formulation and refinement process be summarized on a time-phased basis.

Beginning in December of each year, the Basic Planning Document, Dollar Guideline and the Military Assistance Manual are forwarded to the field with instructions to the Unified Commanders to develop a five-year plan from which the first two years can be implemented as programs. This completed work is due back in Washington the following July with complete inter-agency review at the Washington level scheduled for accomplishment by no later than October. At this point, work is commenced on the development of a congressional presentation covering the first fiscal year of the five-year time frame. This presentation is generally completed by December (a year has now transpired), and presented to the Congress some time during the session immediately following.

Usually the hearings in the Foreign Affairs and Foreign Relations Committees begin in March and are followed by Appropriations Committees hearings in June and July, with a Foreign Aid Act forthcoming during the last fifteen to thirty days of the session. This means, of course, that the funds voted by Congress for the fiscal year in question have actually been appropriated from one to two months subsequent to the beginning of the fiscal year on 1 July.

As a general rule, the funds appropriated do not match those requested and considered necessary for implementation.[18] This necessitates a review and refinement process which involves the three military departments, the Joint

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[18]A history of MAP Appropriation Legislation for the Fiscal Years 1950-1963 is included as Appendix VI.

Chiefs of Staff, the Department of State, AID, and the Bureau of the Budget. Concurrently, DOD solicits the views of the Unified Commanders which is essentially a "druthers action," i.e., they are asked what they would rather have now since there is less money to spend. Of course, comments and recommendations of the Unified Commanders are then incorporated in a Defense position with respect to this enforced and final refinement. If all goes well, implementation of this "made to fit the shoe" Military Assistance Program is commenced in late November or early December, or at approximately the mid-way point of the fiscal year.

Meanwhile, two concurrent actions have been taking place. The second fiscal year of the Five Year Plan is being worked over and developed into a congressional presentation which must be completed in November and December for submission to Congress during the following January. As will be noted, parallel plans and program cycles are going forward at all times, i.e., a Five Year Plan and three fiscal years are "in the mill" simultaneously. As a means of illustration, during April, 1962, the fiscal years 1962, 1963 and 1964 programs are being processed as follows:

Fiscal Year 1962 - Implementation

Fiscal Year 1963 - Presentation (to Congress)

Fiscal Year 1964 - Planning and Development

Program Execution

On completion of the review and refinement process, the Director of Military Assistance approves a tentative current year program based on an estimate of total fund availability, i.e., the current year appropriation,

plus reappropriation, plus estimated recoupments from prior year programs and other "savings." This DOD approved Military Assistance Program is forwarded to the Department of State for final coordination, and then issued to the Unified Commanders for information pending the availability of funds. Concurrently with the issuance of this program, the Director of Military Assistance requests each Unified Commander to provide him with a listing of subprojects, by priority, that have been recommended for deferral pending receipt of additional funds.[19]

Based on this information from the field and coupled with the approved financial plan, DOD requests an apportionment of funds from the Bureau of the Budget.[20] On receipt, an appropriate allocation of funds, along with implementing instructions, is provided the military departments for execution of their respective portions of the approved program. Figure 18 shows the flow of approved plans and programs to the field for information and execution respectively.

Military assistance funds granted to the military departments are based on fully justified requests which have been prepared and submitted to the Military Assistance Comptroller in accordance with special instructions as may be issued from time to time. Funds allocated are of two basic types: (a) those available for direct obligation, and (b) reimbursement funds.[21]

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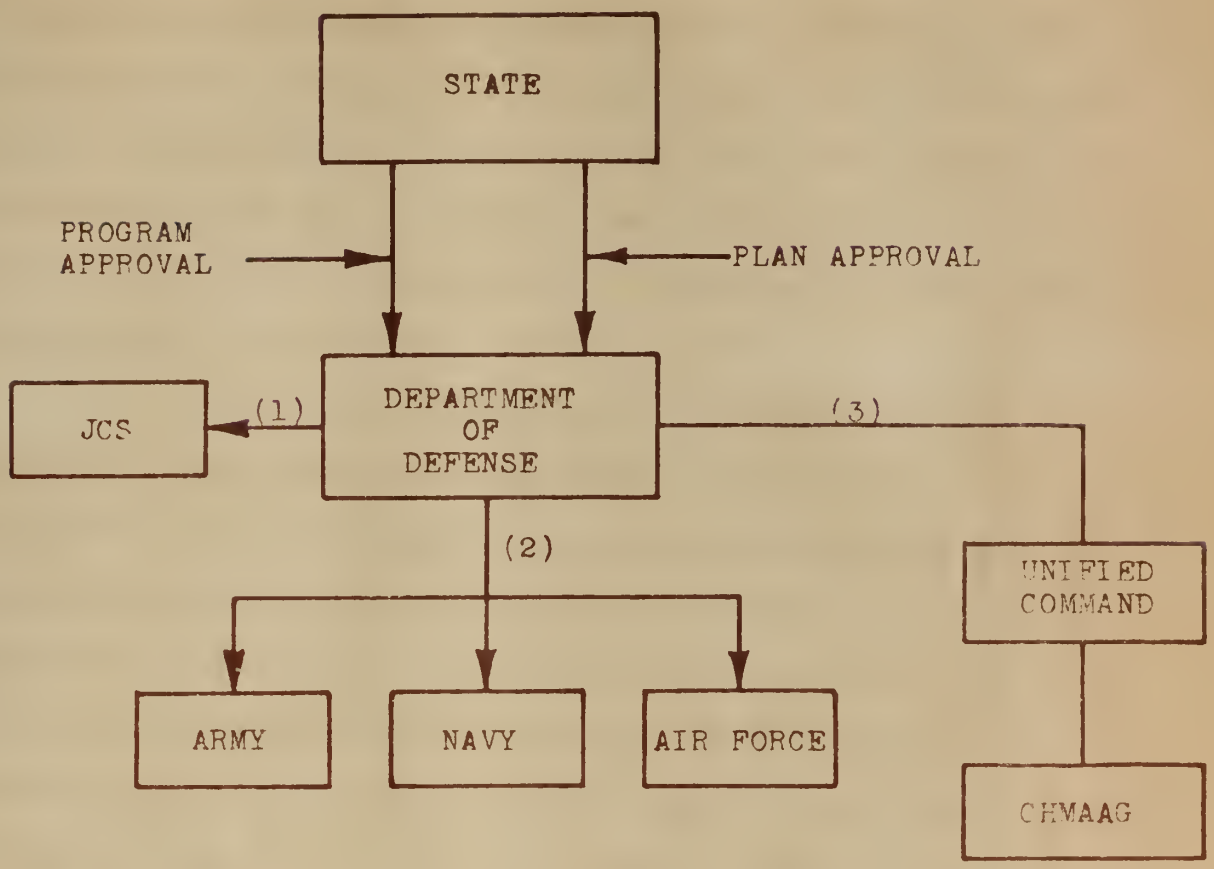
[19]Military Assistance Manual, op. cit., p. 31.

[20]This request is submitted in accordance with the provisions of the Bureau of the Budget Circular No. A-34 utilizing a consolidated "Apportionment and Reapportionment Schedule," DD Form 1105.

[21]Department of Defense, DOD Instruction 7290.1, Method of Financing, Funding, Accounting, and Fiscal Reporting for the Military Assistance Grant Aid Program, (Washington: October 6, 1961), p. 3.

PLAN RETURN AND PROGRAM EXECUTION



(1) Approved Plans and Programs to JCS for information.
(2) Approved Plans to Services for information; approved Programs to Services for execution.
(3) Approved Pland to Unified Commanders and CHMMAG for guidance in preparation of future plans and programs. Approved Programs to Unified Commanders and CHMAAG for execution.

Figure 18.

Generally, direct obligation funds are used to procure material or services that are not available from U. S. forces or stocks. Typical examples of projects or transactions requiring this type funding are: Offshore Procurement, Mutual Weapons Development, construction, transportation, etc. Actually, the direct citation of funds method is identical with that used by the regular U. S. forces in their day to day operations. Likewise, the normal appropriation form of accounting is used; that is commitments are established at the time an order is issued; obligations are recorded at the time contracts or other obligating documents are consummated; and expenditures at the time payments are made and summarized.[22]

The second, or reimbursement type of funding accounts for the major portion of military assistance transactions. By this method, commonly called "Common Item Order," funds are made available for reimbursing military appropriations upon delivery of equipments and materials which were initially procured by service funds. Under the Navy system, for example, reimbursement is effected at the time of delivery of military assistance items to either the Naval Supply Center, Bayonne or the Naval Supply Center, Oakland for onward shipment to the ordering country. Figure 19 provides an overall view of Military Assistance Program funding within the Department of the Navy.

As may be readily recognized, expenditure estimates for the Military Assistance Program under CIO funding have greater significance than those for most other programs because of the effect MAP expenditures have upon military department appropriations and expenditure plans. Since reimbursement of service appropriations is directly related to the rate of delivery, care must

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[22] Ibid., p. 5.

MAP PROGRAM - DIRECT AND CIO FUNDING - REQUISITION AND REIMBURSEMENT FLOW

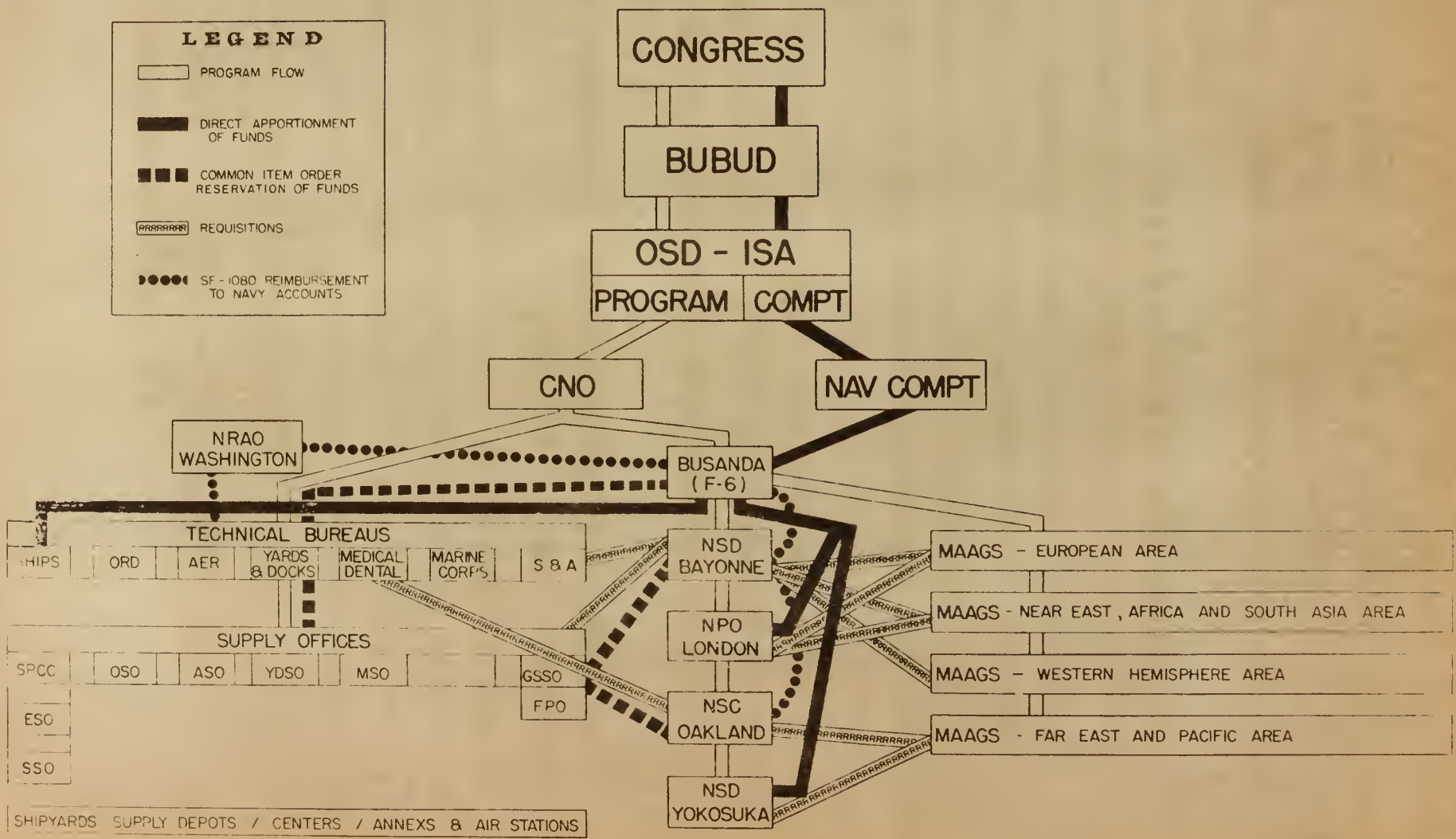

Figure 19

be exercised to insure that an appropriation is not immobilized during a particular procurement period. Should such a situation be forecast in sufficient time, fund augmentations may be obtained upon request to the Defense Department.[23]

Because of the complexity of military assistance operations, the numerous definitized rules and procedures involved, and the limited scope of this paper, a more detailed discussion of the financing, funding, accounting, and reporting under MAP will not be undertaken. For the casual reader who may be interested in pursuing this subject further, a listing of DOD directives, not previously referenced, but concerned with the details of accounting and reporting under the many and varied aspects of the program is included as Appendix VII. However, it is considered pertinent to this writing that attention be focused on several important general provisions embodied in Part III of the Foreign Assistance Act of 1961, which serve to limit or modify program execution:

a. Limitation on Offshore Procurement. Procurement of military assistance items outside the United States is now limited to such procurements as the President determines will not result in adverse effects upon the economy of the United States or its industrial mobilization base. In making this determination, special consideration is to be given to any areas of labor surplus and to the net position of the U. S. in its balance of payments with the rest of the world. Although this provision[24] applied to economic aid

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[23]Department of the Air Force, MAP, op. cit., p. 27.

[24]Section 604 of the FAA of 1961.

under the old law, it is a first for military assistance.

b. Transfer Between Accounts. The President is authorized to transfer up to 10% of the funds available for any purpose of the act to accomplish any other purpose. This permits transfer from military to economic programs or vice versa. The fund to which the transfer is made may not be increased by more than 20%.[25]

c. Inspector General. The new act provides for an Inspector General, Foreign Assistance, who reports directly to the Secretary of State and has broad powers of investigation and evaluation of aid programs, including military assistance.[26] His is a powerful office and one which will undoubtedly have a profound effect on program execution.[27]

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[25]Section 610 of the FAA of 1961.

[26]Section 624(e) of the FAA of 1961.

[27]Wm. M. Leffingwell, op. cit., p. 12.

CHAPTER V

MILITARY ASSISTANCE--BOON OR BOONDOGGLE?

Introduction

Despite its wide publicity and criticism, confusion and doubt persist as to the purposes, operation and relative merits of the Military Assistance Program. To a large measure, the misunderstandings and doubts surrounding the program may be attributed to three readily recognizable characteristics of military assistance: (1) the extremely complicated machinery and organization which has been perpetuated for the management of the program; (2) many of the important facts are either secret and unavailable or they are of necessity masked to affect opinion both at home and abroad; and (3) the impossibility of measuring, with precision, the consequences of military aid. For many of those supposedly in the know, military assistance is a painful necessity at best, and a downright giveaway at worst. It is the purpose of this chapter to provide a summary of arguments in support and against MAP, program accomplishments, strengths as well as weaknesses, and trends of the Military Assistance Program, i.e., a basis for decision as to whether military aid is a boon or a boondoggle!

Arguments in Support of MAP

From the beginning it is significant to note that every President, every Chairman of the Joint Chiefs of Staff, every Secretary of Defense, and every Secretary of State since 1949, has endorsed and supported military assistance, and the Congress has annually appropriated funds for carrying out the program.[1] President Kennedy, in his message of March 22, 1961, before the Committee on Foreign Affairs, stated that

> . . . military strength is a vital element in the maintenance of stability among emerging nations while they are advancing to higher and more adequate levels of social and economic well-being.[2]

President Eisenhower strongly supported MAP. The following excerpt from his message to Congress in support of the fiscal year 1959 program clearly indicates this support:

> It is my duty to make clear my profound conviction that the vigorous advancement of this Program is our only logical course. An alternative there is--to discontinue or sharply reduce the Program--but the consequences would be:
>
> A severe dislocation and basic impairment of free world power;
>
> A certain crumbling, under Sino-Soviet pressures, of our strategic overseas positions and a forcing of these positions progressively back toward our own shores;
>
> A massive increase in our own defense budget, in amounts far exceeding mutual security appropriations, necessitating substantial increases in taxes;
>
> A heavy increase in inductions of American youth into our own armed forces; and
>
> Ultimately a beleaguered America; her freedoms limited by mounting defense costs, and almost alone in a world dominated by international communism.

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[1]Wm. M. Leffingwell, op. cit., p. 2.

[2]U. S., President, 1961 (Kennedy), Foreign Aid, op. cit., p. 10.

> Those who would consider this alternative to support of our mutual security program must measure well these consequences.[3]

Since its inception each successive chairman of the Joint Chiefs of Staff has vigorously proclaimed the necessity of the Military Assistance Program. Typical of the statements made in support of MAP by the Joint Chiefs of Staff is that of the late General Twining, USAF, who said:

> The cold facts of the matter are that the security of the United States depends upon our collective security system, which, in turn, depends upon our military assistance program.
>
> There may be some alternative to collective security and military assistance. Maybe those who make the broad charge that all money spent in this area goes down the rat hole--know what that alternative is--but so far no responsible military man has been able to think of it!
>
> We simply don't have the manpower, the materiel or the money to take on the entire defense of the free world ourselves and the defense of the free world is a condition precedent to our own defense. If a substantial part of the free world falls or slips behind the Iron Curtain, our chances of being able to defend ourselves dim in proportion.[4]

General Maxwell D. Taylor, USA (ret.), who has been one of the most outspoken of the chairmen of the JCS also prescribed military aid programs, "capable of developing indigenous strength and confidence among our allies and of assisting in the deterrence and defeat of Communist aggression," as an essential requirement of our "national military program."[5]

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[3] Mutual Security Program, Fiscal Year 1959 (Washington: U. S. Government Printing Office, 1958), p. 3.

[4] Ibid., p. 25.

[5] Maxwell D. Taylor, The Uncertain Trumpet (New York: Harper and Brothers, 1960), p. 32.

According to its supporters, military assistance is a sound investment and one which is based on a solid foundation. The cost of building an equivalent amount of defensive strength in the world with our own forces would require an expenditure of at least ten times the amount which is allocated to military aid.[6] In addition, and apart from other considerations, loss of any important part of the free world to communism would more than likely result in defense expenditures that are greater than the total cost of our Military Assistance Program. We can afford what is necessary for military aid, but what we can't afford are the costs and risks involved in abandoning this program so essential to our own security and that of the free world.[7]

For the sixties, which President Kennedy describes as "a decade of development of which will depend, substantially, the kind of world in which we and our children shall live,"[8] the concept of military aid is of even greater significance. It has only been during the last year that the Communists have shown the capability to project their power thousands of miles beyond their border--into Africa, and even into the Western Hemisphere. Prior to the sixties they had limited this ability to areas contiguous to the Sino-Soviet Bloc. Thus a new magnitude has been added to the Communist threat which should further convince us of the need to maintain the aggregate military strength provided the United States and its allies through the Military

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[6]Mutual Security Program, Fiscal Year 1956 (Washington: U. S. Government Printing Office, 1955), p. 1.

[7]Composite Report, op. cit., p. 13.

[8]U. S., President (Kennedy) House Doc. No. 117, op. cit., p. 3.

Assistance Program.[9]

Prior to a discussion of the arguments against military assistance, and there have been many, a summary of the arguments that have been advanced in recent years on behalf of foreign aid--of which military assistance has constituted over 60%--is considered pertinent:

Helps build a strong free world alliance which is essential to U. S. security.

Helps U. S. allies build adequate defenses without imperiling their basic economy.

Provides a more economical defense for the United States in terms of money and manpower.

Helps deter Soviet aggression and to meet it more effectively if deterrence should fail.

Helps raise living standards in the less developed areas and thus make Communist claims less attractive.

Helps insure continued access to vital raw materials.

Helps maintain strength for a long-term struggle with the Soviet bloc.

Raises living standards in the less developed areas and thus helps lay the foundation for a world of prosperity, political freedom, and international cooperation.

Helps build self-sustaining economies, including the defense establishment, in allied countries.

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[9]General Lyman L. Lemnitzer, Chairman of the Joint Chiefs of Staff, in testimony before the Senate hearings on Foreign Assistance and Related Agencies Appropriations for 1962. See U. S. Congress, Senate, Committee on Appropriations, Hearings, on H. R. 9033, op. cit., p. 150.

[illegible]

[illegible]

[illegible]

Helps provide the United States with military bases at strategic points around the world.

Speeds up European defenses to meet the immediate crisis, i.e., in Berlin.

Helps develop a favorable attitude toward the United States, especially in Asia and the Middle East.

Helps stimulate increased American private investments in underdeveloped areas.

Helps increase American exports and develops markets for future exports in the currently underdeveloped areas.

Helps provide employment for hundreds of thousands of Americans.[10]

Arguments Against MAP Giving

Arguments against military assistance range all the way from virtually unqualified opposition to virtually unqualified support. For the most part, however, those who oppose military aid believe that the United States should discount the need for strong allies and concentrate on its own military strength. This "Fortress America" concept has been repeatedly asserted as the most economical and at the same time the most effective solution to the basic problem of American defense against Communist aggression.[11]

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[10]This list was compiled on the basis of an examination of presidential messages and congressional testimony by leading administration witnesses from 1951 to 1959. See U. S. Foreign Aid, House Doc. 116, op. cit., p. 83.

[11]U. S. Congress, Senate, Foreign Aid Program: Compilation of Studies and Surveys, Senate Document No. 52, 85th Cong., 1st Sess., 1957, p. 1045.

[illegible]

[illegible] [illegible] [illegible] [

Some critics claim that the major criterion in our giving of military aid is that the countries be willing to accept it rather than express political and military interests that are compatible with ours. This group maintains that it is not the United States which has selected allies to serve its interests, but various countries have selected "Uncle Sam" to serve their interests with the necessary wherewithal. Without rational political objectives, we are training and equipping foreign armies with little thought of the consequences that may accrue. Too often, this policy raises the specter of militarism and the exploitation of human and material resources of the recipient country for purposes of war.[12]

Other critics say that our aid programs create irritation. They contend that American aid has made more enemies than friends. For example, Nehru, despite the hundreds of millions of dollars poured into India, takes great delight in castigating the United States while at the same time "wooing" Russia. The Premier of Cambodia complains that U. S. aid dollars are being used to buy his country. Neither the French, Arabs or Israelis like us because we helped them with our aid programs.[13]

The Shah of Iran, a supposedly strong Pro-Western advocate and the recipient of millions in military assistance, recently complained relative to the defense posture of his country. Said the Shah:

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[12]Grant S. McClellan (ed.), U. S. Foreign Aid (New York: H. W. Wilson Company, 1957), p. 45.

[13]From article by Spruille Braden, former United States Ambassador to Argentina, "Billions for Blunders," American Mercury, September, 1956, and as reprinted by Grant S. McClellan, ibid., pp. 36-37.

> What we have makes no sense. It is either too much or too little; too much for the needs of internal security, too little to cope with foreign dangers.
>
> The Soviet Union is supplying arms to Iraq and Afghanistan, better and more modern than those so far given to Iran by the United States.[14]

Of the many critics of foreign aid, Eugene W. Castle is perhaps one of the most vehement in his convictions. He gives eight specific reasons why he believes the foreign aid programs of the United States are a potential threat to the self-interest of this country. His eight reasons (not quoted word for word), which are shared by many opponents of foreign aid, are as follows:

(1) Our aid programs have grown up haphazardly without coordinated relationship to any long-range national foreign policy. They have been formulated on a crash basis, and improvised step by step as necessary to meet the emergency of the day.

(2) The continuance of foreign aid programs has become a distinct deterrent to the working out of a rational foreign policy since every move is first predicated upon the seemingly easy method of subsidization of other nations. A foreign policy of continuous handouts to insatiable "allies" and "neutralists" merely delays and makes more difficult the ultimate day of reckoning.

(3) The United States Information Agency,"a $140-million-a-year cave of winds," politically created and maintained, has harmed instead of helped the thinking of millions of foreigners who were once our friends. It has, on the other hand, served to reassure large numbers of Americans that there is no other course open except that of dispersing our resources abroad.

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[14]Washington Post, March 6, 1962, p. A-15.

(4) After the initial crisis, foreign aid has all too often harmed rather than aided the foreign country. This is true because it supplies artificial props and supports to the foreigner's economy which keep it in a perpetual state of false expectation and dislocation.

(5) Foreign aid programs involve the United States directly and often dangerously in explosive situations throughout the world. We have frequently become partisans in the internal affairs and programs of countries that are recipients of military aid.

(6) The cost of foreign assistance spreads our own strength too thinly. Communist Russia knows the elementary military truth of the deadly danger of diffusion; aid-obsessed America has not.

(7) The American taxpayer cannot afford the ever-mounting cost of the foreign aid programs. For more than two decades, the United States has lived in a deficit economy. This situation cannot continue without permanent harm to our economic well-being.

(8) We do not possess the trained administrative personnel to plan and carry through foreign aid programs effectively. The history of foreign aid has been littered with the wreckage and rubble of incompetent and wasteful administration.[15]

Before leaving Mr. Castle and his views on foreign aid, a "choice" quote is considered pertinent to this section on arguments against MAP giving: "For any government to continue to borrow money in order to give it away, is an act of incredible folly."[16]

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[15]Eugene W. Castle, op. cit., pp. 32-38.

[16]Ibid., p. 38.

Program Evaluation

The effectiveness of the Military Assistance Program can only be evaluated within the total context of U. S. Foreign Policy--a policy that must measure up to a twofold test:

> First, it must prevent any diminution of relative United States military strength which might encourage a potentially hostile power to conclude either that it might "win" a big war or that it could threaten or force us into degenerative step-by-step appeasement and isolation. Further, United States policy must minimize the likelihood of war by "miscalculation"; and it must give us the capability to win a war, should one be forced on us, on politically advantageous terms.
>
> Second, our strategy must not require us, in order to preserve a stable balance of power, to sustain a posture corrosive of our central values, procedures, and institutions. We must avoid the dilemma of being forced, for the sake of survival, to stunt our vitality as a free society.[17]

Any foreign policy which fails either of these tests is not adequate to the national interest of the United States.[18] However, the development of criteria with which to gage the success of military assistance is extremely difficult to formulate. Since one of the basic purposes of military aid is to support a system of deterrents, the ultimate test of success must of necessity revolve down to actual warfare. For this reason, a peace time evaluation of military assistance must be predicated on judgments and interpretations rather than on the basis of scientific measurements. If such an appraisal is to be made of the Military Assistance Program, the security interests of the United States must be emphasized above all other considerations; keeping in mind that the less significant the question to be

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[17] Quoted from The Objectives of United States Economic Assistance Programs, a study by The Center for International Studies, Massachusetts Institute of Technology, January, 1957. See Foreign Aid Program, Compilation of Studies and Surveys, op. cit., pp. 16-17.

[18] Ibid., p. 17.

evaluated, the clearer the answer attainable.

It has been stated that for a military assistance program to approach effectiveness it should possess six general characteristics.[19] These characteristics, then, have been selected to serve as the basis for an evaluation of the Military Assistance Program as authorized by the Foreign Assistance Act of 1961.

1. Defense vs. MAP Expenditures. The premise here is that whatever level of sacrifice the U. S. accepts for the maintenance and promotion of national security, allocation between expenditures on our own forces and on foreign aid should be such that the last dollar spent on each purchases a comparable amount of benefit to our foreign and military policy objectives.

The Foreign Assistance Act of 1961, specifically stipulates that the Military Assistance Program must come into direct competition for financial support with other activities of the Department of Defense.[20] To this proviso, Secretary McNamara has indicated his unqualified support. He indicated before the Senate Appropriations Committee that he was impressed with the contribution that the Military Assistance Program has made to the flexibility of our own military planning, and stated that "our military aid to other countries must be a part of our over-all defense plans."[21] General Lemnitzer, Chairman of the Joint Chiefs of Staff, stated before the same committee that,

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[19] Foreign Aid Program, Compilation of Studies and Surveys, op. cit., p. 964.

[20] Section 504, FAA of 1961.

[21] U. S. Congress, Senate, Hearings, on H. R. 9033, op. cit., p. 142.

> No amount of money spent on our forces could give the United States a comparable asset of trained, well equipped forces, familiar with the terrain, and in suitable position for immediate resistance to local aggression.[22]

In this connection it is interesting to note the relatively low cost per man of allied forces as compared with the costs of maintaining United States forces overseas. Figure 20 presents such a comparison by country, for the years 1959-1961.

Although there has been a downward trend in MAP expenditures in comparison with major U. S. national security expenditures (see Figure 21), during the first seven years of the program, the United States helped to achieve a free world defense posture of sea and air forces nearly equal in size to those of the United States, and ground forces ten times the numerical strength of active United States ground forces. This was accomplished with a total MAP outlay on the part of the United States of less than $16 billion.[23]

2. Relation to U. S. National Policy and Military Strategy. To be effective the program must be based on the same assumptions regarding the probable enemies, their intentions and capabilities, as those which underlie the size, composition and character of our own armed forces.

Although current country figures and equipment plans are classified, Secretary McNamara indicated that the projected military assistance programs are an integral part of the new emphasis on United States strategic forces

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[22] Ibid., p. 149.

[23] Foreign Aid Program, Compilation of Studies and Surveys, op. cit., p. 1004. See Appendix VII for an on-board, monetary inventory of MAP equipment and supplies in thirty-seven principal countries as of 30 June 1961.

COMPARISON OF MILITARY PERSONNEL COST PER MAN

(Dollar Equivalent)[a]

Country	CY 1959	CY 1960	CY 1961
Belgium	$1,430	$1,527	$1,571
Denmark	1,337	1,429	1,650
France	1,622	1,736	1,788
Germany	1,246	1,594	1,629
Italy	860	906	960
Luxembourg	1,029	1,486	1,486
Netherlands	834	825	832
Norway	1,496	1,671	1,706
Portugal	695	660	435
Spain	463	416	466
United Kingdom	1,876	2,120	2,332
Ethiopia	248	319	375
Greece	391	376	385
Iran	421	443	501
Pakistan	435	435	437
Turkey	352	389	404
Korea	390	176	219
Cambodia	754	812	829
Thailand	270	400	406
Vietnam	915	932	1,049
Republic of China	167	163	174
Philippines	1,149	923	742
Japan	784	784	818
Laos	657	657	488
United States	3,859	3,950	4,014

[a]Department of Defense, Military Assistance Facts (Washington: March 1, 1962), p. 39.

Figure 20.

MAJOR U. S. NATIONAL SECURITY EXPENDITURES

(billions of dollars)

Fiscal Year	Total Expenditures	MAP	
1953	$50.4	$4.0	7.9%
1954	46.9	3.6	7.7%
1955	40.6	2.3	5.7%
1956	40.6	2.6	6.4%
1957	43.3	2.4	5.5%
1958	44.1	2.2	5.0%
1959	46.4	2.4	5.0%
1960	45.6	1.6	3.5%
1961	47.5	1.5	3.2%
1962	51.2	1.4	2.7%
1963	52.7	1.4	2.6%

Figure 21.

which can ride out a nuclear attack; on command and control of nuclear weapons; increased and more mobile non-nuclear forces; and on special requirements such as necessitated by the Berlin crisis. According to Secretary of Defense, our allies will be capable of meeting the competition of the build-up in Communist power squarely and effectively.[24]

3. Coordination with Foreign Policy. In other words, an effective military assistance program must make political and economic, as well as military, sense.

The Foreign Assistance Act of 1961, strengthens the position of the State Department on the policy level of military assistance planning, and specifically makes the Secretary of State responsible "for the continuous supervision and general direction" of assistance programs. The Secretary of State must not only insure that military assistance conforms to foreign policy but he must also assure that programs of military assistance and economic assistance are mutually supporting and not in conflict with each other. In addition, program coordination between the Director of Military Assistance and the Agency for International Development must be accomplished under the supervision of the Department of State.

4. Forward Planning. An effective military assistance program must involve as little improvisation as possible and, therefore, should be forward-planned on a three to five year basis.

Military assistance plans are now five year, time-phased schedules of actions. They are developed with the intended purpose of assuring that MAF

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[24]U. S. Congress, Senate, Hearings, on H. R. 9033, op. cit., p. 142.

provides direct support to U. S. military and foreign policy objectives. Further, plans are revised annually and projected an additional year to maintain the five-year projection. Although Congress did not approve the current administration's request for a permanent or continuing authorization for foreign aid, the new legislation does authorize an appropriation for two consecutive years. This increase in fund authorization provides a certain measure of continuity and efficiency in the execution of the program that did not exist under previous legislation.

5. Necessity of Interallied Consensus. Military assistance can only achieve results if it is based on a broad consensus as to overall policy, strategic principles, and burden sharing.

The restrictions placed on the granting of military assistance by the new act serve to maintain and extend interallied consensus. The Foreign Assistance Act of 1961, states that no defense articles shall be furnished on a grant basis to any country at a cost in excess of $3.0 million in any fiscal year unless the President determines, among other things, that such country conforms to the purposes and principles of the charter of the United Nations; that equipments furnished will be used for the defense of the Free World; and that the increased ability of such country to defend itself is important to the security of the United States.[25] As to burden sharing, there has been a marked increase particularly with respect to the NATO countries. Figure 22 shows the current percentage of country contributions in support of International Headquarters, and as will be remembered, Figure 8

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[25]Section 506(b) of the FAA of 1961.

PERCENTAGE OF COUNTRY CONTRIBUTIONS IN SUPPORT OF INTERNATIONAL HEADQUARTERS[a]

	NATO	OEOA	MMSA	SEATO	CENTO
United States	24.20	39.00	25.70	25.00	20.00
United Kingdom	19.50	10.50	20.71	16.00	20.00
France	17.10	16.00	18.16	13.50	-
Germany	16.10	10.49	17.10	-	-
Italy	5.96	-	6.33	-	-
Canada	5.80	3.00	-	-	-
Belgium	2.86	10.49	3.04	-	-
Netherlands	2.85	10.49	3.03	-	-
Denmark	1.65	-	1.75	-	-
Turkey	1.65	-	1.75	-	20.00
Norway	1.15	-	1.22	-	-
Portugal	0.65	-	0.69	-	-
Greece	0.39	-	0.42	-	-
Luxembourg	0.09	0.03	0.10	-	-
Iceland	0.05	-	-	-	-
Pakistan	-	-	-	8.00	20.00
Thailand	-	-	-	8.00	-
Iran	-	-	-	-	20.00
Australia	-	-	-	13.50	-
New Zealand	-	-	-	8.00	-
Philippines	-	-	-	8.00	-
	100.00	100.00	100.00	100.00	100.00

[a]Department of Defense, Military Assistance Facts (Washington: March 1, 1962), p. 35.

Figure 22.

highlighted the upward trend of NATO country expenditures for defense as compared with a gradual decrease in military assistance to these countries.

6. Extent of Public Judgment. It is important that public judgment be made more sensitive to the underlying needs for military assistance.

This necessary requirement for an effective Military Assistance Program sponsored by a democracy such as ours has too often been overlooked. The average American does not relate his own security to military assistance, but rather, he frequently dismisses it as a "giveaway."[26] A New York Times review of President Kennedy's March 22, 1961, message to Congress on Foreign Aid indicated that the seeming lack of understanding of the overall problem by Congress and the public "presents an obstacle of imposing dimensions."[27] Mr. Peter Edson, in an editorial on foreign aid, stated that a major job of the new Director of AID is "to improve the foreign aid image at home by convincing Congress and the American public that they are getting value received instead of a boondoggle."[28]

Thus far the publicity on foreign aid has not been balanced, but tends to center on the flaws and mistakes of the various programs. For example, an article entitled, "Millions in Uncommitted Aid Funds Salted Away Abroad, Probers Find," appeared in the news[29] at the time Congress was considering

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[26]Composite Report, op. cit., p. 170.

[27]The New York Times, March 26, 1961, Sec. IV, p. 1.

[28]The Washington Daily News, March 12, 1962, p. 25.

[29]The Washington Post, March 25, 1962, p. 1.

President Kennedy's 1963 Foreign Aid Message. This article, and others like it, place the Military Assistance Program in an unfavorable light at a most inopportune time. Of interest is the "reported" balances of expended, unexpended and new funds for the fiscal years 1950 through 1963 as reflected by the chart in Appendix VIII. This data indicates that a "normal" balance has existed between the various categories of funds since fiscal year 1958.

According to the Draper Committee the successes of MAP have far outweighed the failures--the constructive results achieved attest to this fact. However, "John Q. Public" has not been so informed.[30]

Summary and Conclusions

With the possible exception of long-term fund authorizations, the Foreign Assistance Act of 1961, as conceived and enacted, provides the organizational structure and "tools" considered by most authorities as necessary for effective management of an efficient Military Assistance Program. However, a meaningful evaluation of operations under this new legislation is virtually precluded due to administrative delays in implementation.

First, Congress took longer than expected to enact the new law and to appropriate funds for its execution. More delays resulted from the fact that new Kennedy-recruited administrators and their assistants did not arrive in Washington until October and November, 1961, and well into 1962.

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[30]Composite Report, op. cit., p. 171.

For example, Mr. Fowler Hamilton, the director of the new "main spring" agency, AID, has been on the job less than six months. The number two AID man, Procter and Gamble executive vice president Walter L. Lingle, Jr., reported for work on March 1, 1962--eight months after the beginning of the fiscal year. It was not until April 3, 1962, that President Kennedy appointed John K. Mansfield, Staff Director of a Senate Subcommittee on Government Policymaking, to man the new Inspector General, Foreign Assistance billet.

Despite the delays it is apparent that the "new approach with new concepts" is moving in the right direction. In the short time he has been aboard, Mr. Hamilton has streamlined his top command and reduced the overhead. He has reduced his deputies to two and further cut the AID hierarchy to twelve appointive and fifty-one super-grade civil service jobs. In addition, he is hand-picking eleven new regional directors and fifty-nine mission chiefs, all recommended by industry and experienced in the countries to which they will be assigned.

Already, a tougher stand has been taken in dispensing foreign assistance. Says Director Hamilton, "Money and progress march along together. If our requirements aren't met for each stage, they don't get the money."[31] This stand is evidenced by the fact that AID has consistently held up fund allocations until assurances are received that the programs in recipient countries are sound and will be run right. Specifically, foreign aid projects in Korea have been cut from 51 to 20; in Indonesia, 17 out of 41 projects have been eliminated; and in Libya, 21 out of 32 have ceased to

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[31]"Foreign Aid," Time, March 23, 1962, p. 12.

exist.[32]

Although the above considerations are hopeful signs of tighter administration and better management for our foreign aid programs, it is difficult to determine just how effective the integration of all programs, i.e., economic, military and political under one agency will be. Secretary of Defense McNamara has avowed his unqualified support of the new integrated approach; however, it must be noted that although previous legislation placed authority over the Military Assistance Program within the State Department, evidence indicates that this arrangement led to friction, delay, and uncoordinated policy and program guidelines being issued separately and at different times.

As to the value of a Military Assistance Program per se, it can be said that despite all of its previous shortcomings it has succeeded in building up the free world perimeter against the Communist forces menacing it. The basic need is for the American public to recognize that our continued participation in the strengthening of a free world community of nations is vital to our own security. Properly equipped, the free world nations present a combined strength that the Communist world cannot begin to match!

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[32] The Wall Street Journal, March 12, 1962, p. 14.

APPENDIX I

LIST OF ABBREVIATIONS

AID	Agency for International Development
ASD(ISA)	Assistant Secretary of Defense (International Security Affairs)
BOB	Bureau of the Budget
BPD	Basic Planning Document
BUDBD	Bureau of the Budget
CARIBCOM	Caribbean Command
CIO	Common Item Order
CNO	Chief of Naval Operations
DOD	Department of Defense
ECA	Economic Cooperation Act
EUCOM	European Command
FAA	Foreign Assistance Act of 1961
FOA	Foreign Operations Administration
GAO	General Accounting Office (Comptroller General)
ICA	International Cooperation Administration
JCS	Joint Chiefs of Staff
MAAG	Military Assistance Advisory Group
MAM	Military Assistance Manual

MAP	The Military Assistance Program
MDAP	Mutual Defense Assistance Program
MSA	The Mutual Security Act
MSMS	Mutual Security Military Sales
NATO	North Atlantic Treaty Organization
NSC	National Security Council
OASD	Office of the Assistant Secretary of Defense
OPNAV	Office of the Chief of Naval Operations
OSD	Office of the Secretary of Defense
PACOM	Pacific Command
POLAD	Political Advisor (State Department)
SECDEF	Secretary of Defense
UC	Unified Command
USIA	United States Information Agency
USOM	United States Operations Mission

APPENDIX II

AGREEMENT OF COOPERATION BETWEEN THE UNITED STATES AND TURKEY

AGREEMENT OF COOPERATION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF TURKEY:

The Government of the United States of America and the Government of Turkey,

Desiring to implement the Declaration in which they associated themselves at London on July 28, 1958;

Considering that under Article I of the Pact of Mutual Cooperation signed at Baghdad on February 24, 1955, the parties signatory thereto agree to cooperate for their security and defense, and that, similarly, as stated in the above-mentioned Declaration, the Government of the United States of America, in the interest of world peace, agreed to cooperate with the Governments making that Declaration for their security and defense;

Recalling that, in the above-mentioned Declaration, the members of the Pact of Mutual Cooperation making that Declaration affirmed their determination to maintain their collective security and to resist aggression, direct or indirect;

Considering further that the Government of the United States of America is associated with the work of the major committees of the Pact of Mutual Cooperation signed at Baghdad on February 24, 1955;

Desiring to strengthen peace in accordance with the principles of the Charter of the United Nations;

Affirming their right to cooperate for their security and defense in accordance with Article 51 of the Charter of the United Nations;

Considering that the Government of the United States of America regards as vital to its national interest and to world peace the preservation of the independence and integrity of Turkey;

Recognizing the authorization to furnish appropriate assistance granted to the President of the United States of America by the Congress of the United States of America in the Mutual Security Act of 1954, as amended, and in the Joint Resolution to Promote Peace and Stability in the Middle East; and

Considering that similar agreements are being entered into by the Government of the United States of America and the Governments of Iran and Pakistan, respectively,

Have agreed as follows:

ARTICLE I

The Government of Turkey is determined to resist aggression. In case of aggression against Turkey, the Government of the United States of America, in accordance with the Constitution of the United States of America, will take such appropriate action, including the use of armed forces, as may be mutually agreed upon and as is envisaged in the Joint Resolution to Promote Peace and Stability in the Middle East, in order to assist the Government of Turkey at its request.

ARTICLE II

The Government of the United States of America, in accordance with the Mutual Security Act of 1954, as amended, and related laws of the United States of America, and with applicable agreements heretofore or hereafter entered into between the Government of the United States of America and the Government of Turkey, reaffirms that it will continue to furnish the Government of Turkey such military and economic assistance as may be mutually agreed upon between the Government of the United States of America and the Government of Turkey, in order to assist the Government of Turkey in the preservation of its national independence and integrity and in the effective promotion of its economic development.

ARTICLE III

The Government of Turkey undertakes to utilize such military and economic assistance as may be provided by the Government of the United States of America in a manner consonant with the aims and purposes set forth by the Governments associated in the Declaration signed at London on July 28, 1958, and for the purpose of effectively promoting the economic development of Turkey and of preserving its national independence and integrity.

ARTICLE IV

The Government of the United States of America and the Government of Turkey will cooperate with the other Governments associated in the Declaration signed at London on July 28, 1958, in order to prepare and participate in such defensive arrangements as may be mutually agreed to be desirable, subject to the other applicable provisions of this Agreement.

ARTICLE V

The provisions of the present Agreement do not affect the cooperation between the two Governments as envisaged in other international agreements or arrangements.

ARTICLE VI

This Agreement shall enter into force upon the date of its signature and shall continue in force until one year after the receipt by either Government of written notice of the intention of the other Government to terminate the Agreement.

Done in duplicate at Ankara, this fifth day of March, 1959.

For the Government of the United States of America:

FLETCHER WARREN

For the Government of the Republic of Turkey:

FATIN RUSTU ZORLU

APPENDIX III

TRAVEL SCHEDULE FOR OFFICERS ATTENDING THE 1961 NAVAL SUPPLY MANAGEMENT COURSE FOR SENIOR FOREIGN OFFICERS

(all time in local time)

SUNDAY - 1 OCTOBER 1961

12:00 noon - Depart:	Hotel Roger Smith, 18th Street and Pennsylvania Avenue, N. W., Washington, D. C., via chartered bus.
3:00 p.m. - Arrive:	Governor Hotel, Harrisburg, Pennsylvania.

WEDNESDAY - 11 OCTOBER 1961

2:00 p.m. - Depart:	Governor Hotel, Harrisburg, Pennsylvania, via chartered bus
6:00 p.m. - Arrive:	Towers Hotel, 25 Clark Street, Brooklyn, New York

WEDNESDAY - 18 OCTOBER 1961

2:00 p.m. - Depart:	Building 82, Naval Supply Center, Bayonne, New Jersey, via chartered bus
8:00 p.m. - Arrive:	Bachelor Officers Quarters, Building 71, Naval Station, Newport, Rhode Island

SATURDAY - 21 OCTOBER 1961

9:15 a.m. - Depart:	Naval Air Station, Quonset Point, Rhode Island, via U. S. Government aircraft
11:00 a.m. - Arrive:	Dorval Airport, Montreal, Canada

SATURDAY - 28 OCTOBER 1961

8:30 a.m. - Depart:	Patricia Bay Airport, Victoria, British Columbia, Canada, via aircraft
Midnight - Arrive:	Washington, D. C.

SUNDAY - 29 OCTOBER 1961

1:00 p.m. - Depart:	Naval Air Station, Anacostia, D. C., via U. S. Government aircraft
6:00 p.m. - Arrive:	Naval Air Station, Pensacola, Florida

SUNDAY - 5 NOVEMBER 1961

9:00 a.m. - Depart:	New Orleans, Louisiana, via U. S. Government aircraft
3:00 p.m. - Arrive:	Naval Air Station, Norfolk, Virginia

SATURDAY - 11 NOVEMBER 1961

5:45 p.m. - Depart:	Bachelor Officers Quarters, Building A-51, Naval Station, Norfolk, Virginia, via chartered bus
11:30 p.m. - Arrive:	Hotel Roger Smith, 18th Street and Pennsylvania Avenue, N. W., Washington, D. C.

APPENDIX IV

MILITARY ASSISTANCE FY 1962 PROPOSED AND FY 1961 PROGRAMS

(Millions of Dollars)

		FY 1962 Proposed	FY 1961
I.	By Area - Total	$1,885.0	$1,929.2
	Europe	414.7	629.3
	Africa	48.2	31.9
	Near East & South Asia	453.5	406.6
	Far East	870.3	764.3
	Latin America	68.4	59.5
	Non-Regional	29.9	37.6
II.	By Category - Total	1,885.0	1,929.2
	Essentially Fixed Charges	376.3	405.6
	Infrastructure	76.1	90.0
	International Military Hdqrs & Agencies	11.3	11.0
	Training	122.5	121.0
	Supply Operations	141.4	158.9
	Administrative Expenses	25.0	24.7
	Force Maintenance	740.7	626.0
	Spare Parts	340.6	318.3
	Attrition, Training Ammunition, Repair and Rehabilitation of Equipment	292.5	184.1
	Other Consumables	107.6	123.6
	Force Improvement	768.0	897.6
	Aircraft	258.1	148.3
	Ships	49.4	75.6
	Tanks, Vehicles and Weapons	67.7	50.9
	Missiles	135.6	201.7
	Electronics and Communication	18.4	69.1
	Special Programs	94.4	61.6
	Construction	59.6	60.8
	All Other	84.8	229.6

APPENDIX IV CONT'D

	FY 1962 Proposed	FY 1961
III. NATO Only - Total	$719.2	$857.8
Europe (NATO Country Programs)	222.9	314.5
Near East (Greece and Turkey Only)	335.8	258.8
NATO Infrastructure	76.1	90.0
NATO International Military Hdqrs and Agencies	11.3	11.0
Weapons Production Program	56.1	124.1
Mutual Weapons Development Program	10.0	28.3
Other NATO Area Equipment and Services	7.1	31.2

APPENDIX V

MILITARY ASSISTANCE PROGRAM COMPARISON BY REGION

Region	1962 Proposed Program	1961 Program
Europe	22%	33%
Africa	3	2
Near East and South Asia	24	21
Far East	46	39
Latin America	4	3
Non-Regional	1	2
Total	100%	100%
NATO	38%	45%

APPENDIX VI

APPROPRIATION LEGISLATION
Fiscal Years 1950-1963
(In millions of dollars)

Fiscal Year	Executive branch request	Passed by House	Passed by Senate	Conference report and final action			
				Appro-priation	Congress	P.L. No.	Date
1950	$1,314.0	$1,314.0	$1,314.0	$1,314.0	81st	430	10/28/49
1951	1,178.0	1,222.5	1,222.5	1,222.5	81st	759	9/6/50
1951	4,000.0	4,000.0	4,000.0	4,000.0	81st	843	9/27/50
1952	5,997.7	5,997.7	5,695.5	5,744.0	82nd	249	10/31/51
1953	4,598.4	4,219.8	4,219.8	4,219.8	82nd	547	7/15/52
1954	3,648.6	3,200.0	3,270.0	3,230.0	83rd	218	8/7/53
1955	1,580.0	1,341.3	1,192.7	1,192.7	83rd	778	9/3/54
1956	1,442.2	1,010.0	1,442.2	1,022.2	84th	208	8/2/55
1957	3,000.0	1,735.0	2,300.0	2,017.5	84th	853	7/31/56
1958	1,600.0	1,250.0	1,475.0	1,340.0	85th	279	9/3/57
1959	1,800.0	1,515.0	1,515.0	1,515.0	85th	853	8/28/58
1960	1,600.0	1,300.0	1,300.0	1,300.0	86th	383	9/28/59
1961	2,000.0	1,800.0	1,800.0	1,800.0	86th	704	9/2/60
1962	1,885.0	1,600.0	1,700.0	1,600.0	87th	329	9/30/61
1963	1,500.0						

APPENDIX VII

FINANCIAL MANAGEMENT REFERENCES

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DOD Directive 2110.24, "Basic Principles and Policies Relating to the Provisions of Section 108, Public Law 208, 84th Congress, 'Mutual Security Appropriation Act, 1956,'" as amended.

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_____ 4140.13, "Policies for the Transfer of Department of Defense Supply System Inventories."

_____ 7200.1, "Administrative Control of Appropriations within the Department of Defense."

_____7220.2, "Obligations for Materiel to be Delivered from Stock."

_____7220.6, "Prerequisites for Recording and Reporting of Obligations."

_____7420.1, "Regulations Governing Stock Fund Operations."

_____7510.1, "Uniform Pricing Policy for Materials, Supplies, and Equipment Financed by Military Appropriated Funds."

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_____ 7240.1, "Budgeting and Accounting Policies and Procedures for Interdepartmental Purchase Requests, Requisitions, Orders, etc."

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_____ 7250.7, "Monthly Reports on Budget Status," (DD Form 1176).

_____ 7420.4, "Constructive Method of Billing Within the Department of Defense for Sale of Materiel in the Military Supply Distribution System."

_____ 7510.4, "Uniform Policy for Charging Accessorial Costs Incident to Issues, Sales and Transfers of Materials, Supplies and Equipment."

APPENDIX VIII

MILITARY ASSISTANCE EQUIPMENT AND SUPPLIES, IN SERVICEABLE CONDITION
IN 37 RECIPIENT COUNTRIES
(All figures are as of 30 June 1961)

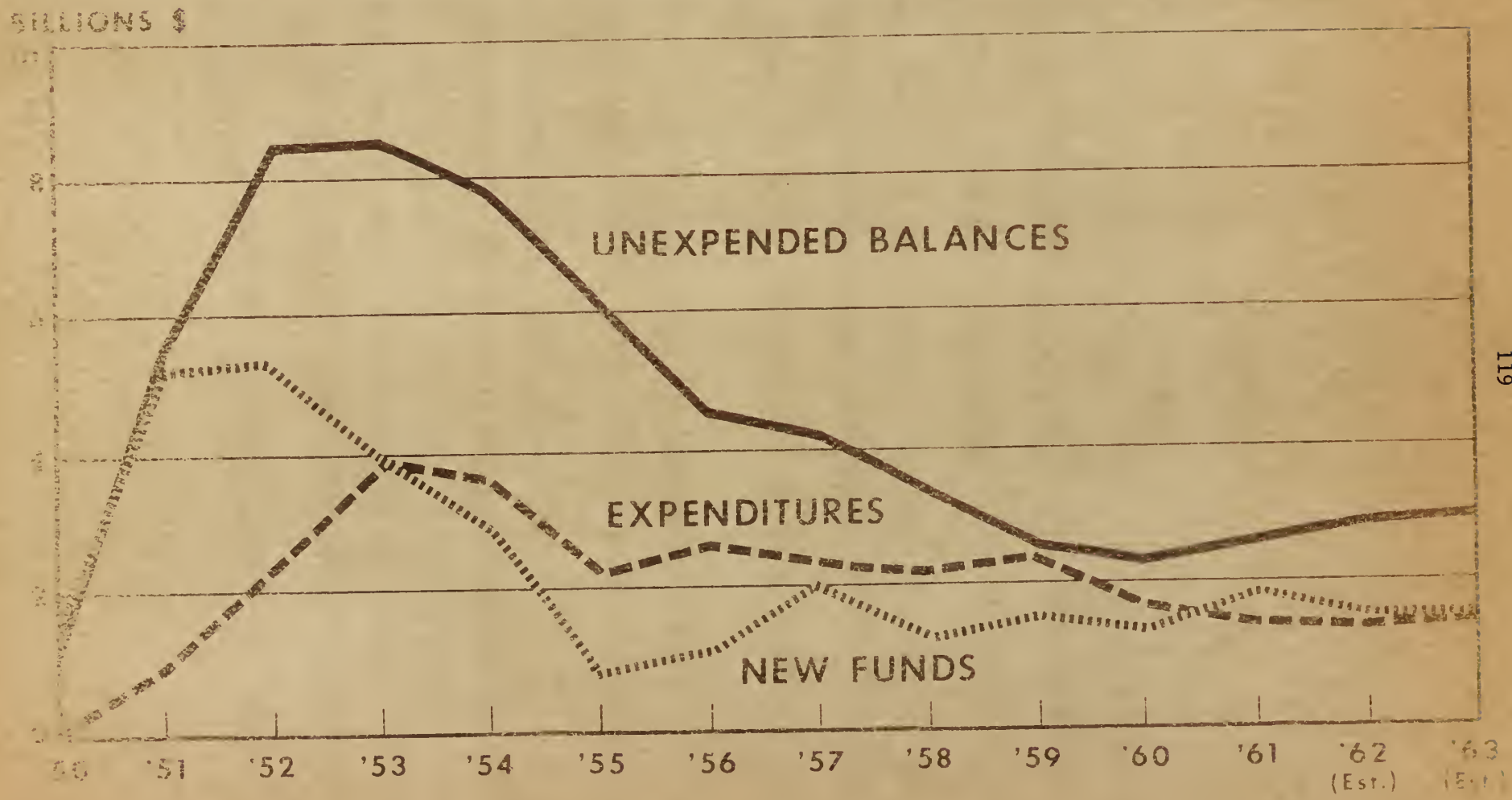
(Thousands of dollars)

	Total Equipment and Supplies Delivered	Still in Country Inventory	Percent of b	Still in Serviceable Condition	Percent of b
a	b	c	d	e	f
World-Wide	$20,826,401	$13,982,959	67.1%	$13,378,936	64.2%
Europe	11,654,441	7,840,147	67.3	7,605,347	65.3
Near East & Africa	3,278,293	2,283,620	69.7	2,203,078	67.2
Far East	5,565,865	3,595,953	64.6	3,327,167	59.8
Latin America	327,802	263,239	80.3	243,344	74.2

This check was made in 37 of the grant aid countries, omitting several whose programs were too small to affect the totals and countries such as Cuba whose programs have been cut off. Thus, of $26.8 billion worth of equipment and supplies delivered altogether in the life of the program, this analysis covers the $20.8 billion worth which is most meaningful.

MILITARY ASSISTANCE PROGRAM

FY 1950 - 1963



As of 23 Jan 62

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